هكذا من الأصل

FINANCIAL TIMES

No. 27,450 Wednesday January 4 1978 **12p

CONTINENTAL SELLING PRICES: AUSTRIA Sch.15; BELGIUM Fr.25; DENMARK Kr.3.5; FRANCE Fr.3.0; GERMANY DM2.0; ITALY L.500; NETHERLANDS Fl.2.0; NORWAY Kr.3.5; PORTUGAL Esc.20; SPAIN Ptas.40; SWEDEN Kr.3.25; SWITZERLAND Fr.2.0; EIRE 12p

NEWS SUMMARY

GENERAL

Russia frees British student

The sudden release by Russia of Andrej Klymchuk, a 22-year-old British student, surprised the Foreign Office and the National Union of Students, who have been pressing for his return. He will be flown home to-day.

Mr. Klymchuk has been held by KGB security police since August on charges of anti-Soviet activity.

Tass news agency said the decision to release him rather than put him on trial was taken in response to repeated appeals by Britain for clemency and to his own "sincere repentance" in a letter to the Russian Government. Page 2

We laid bombs, say Armenians

A bomb blast—London's second in three days—damaged a Turkish bank in Haringey. In Brussels, a bomb damaged a building housing part of the Turkish embassy. Nobody was injured in either blast. A group calling itself the New Armenian Resistance claimed responsibility for both attacks.

Gales sweep Britain

Torrential rain and gale-force winds spread south through Britain from Scotland. In Yorkshire, a man was killed when a 60 ft. tree crashed on to his car. Heavy snow cut electricity in Norfolk. A freak whirlwind ripped through Newmarket, Suffolk, and 100 houses were badly damaged. A gust of 120 mph was recorded on the summit of Snaefell.

Strike death toll 12

At least 12 people were shot dead by police in Multan, Punjab, during a demonstration by mill workers striking over bonuses. Page 4

Congress Party expels Gandhi

India's Congress Party—split since a recent election defeat ended 30 years of unbroken power—expelled Mrs. Indira Gandhi, former Prime Minister. Page 4

Kid couriers'

The use by Ulster terrorists of "kid couriers" had become a repulsive feature of their activities, Mr Roy Mason, Northern Ireland Secretary, said. Of 267 young people charged last year with serious offences, 53 were aged between 14 and 16.

Data curbs

A new Data Protection Act, which places limits on the use of information about citizens, came into force in West Germany. Page 3

Worldwide . . .

Seven West German climbers died and one is missing in an avalanche near Salzburg, Austria.

Last-minute attempts were being made in Washington to block the return to Hungary of the historic crown of St Stephen. Page 4

Eleven people died in a temple fire in Manila when joss sticks being used in the ceremony fell over.

A list of missing works of art is being compiled by Tanzania, which it says Britain, Germany and other European countries "took from the country" before independence.

After the Christmas and New Year lull, Government coalition and Socialist-Communist opposition in France are preparing for the general election on March 12 and 19. Page 2

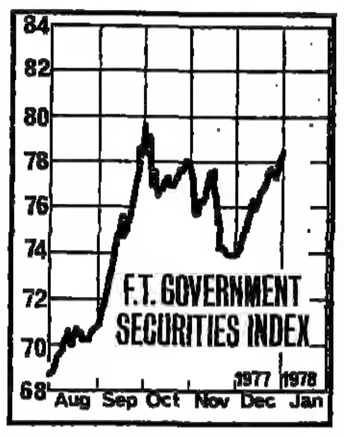
Wine is being used to clean teeth by people in Palermo, Sicily, after nine rainless months. Page 3

BUSINESS

Wall St. setback; gold up $4

● **WALL STREET** suffered a sharp setback, falling 13.43 to 817.74 in moderate trading. Market sentiment was undermined by the dollar's weakness and by worries about inflation.

● **GILTS** made good gains, boosted by sterling's showing and by hopes for an early cut in interest rates. Although



funds closed below the day's best, the FT Government Securities Index recorded a rise of 0.49 to 78.58.

● **LEADING EQUITIES** were marked down initially on worries about the effects of rising sterling on export earnings, but rallied in the absence of sellers. The FT 30-Share Index, down 3.4 at 11 a.m., closed at 485.6, up 0.2.

● **STERLING** gained 4.65 cents against the dollar to close at $1.9635, its best level since March 1976, while its trade-weighted index rose to 66.1 (65.2). Dollar's trade-weighted depreciation widened to 5.97 (5.09) per cent.

● **GOLD** rose $4 to $169.125, the highest since May 1975.

● **BANKS** in Singapore have begun issuing U.S. dollar negotiable certificates of deposit in a bid to attract more international funds to the Asian dollar market. Page 17

Tanker drivers' strike called

● **LEADERS** of petrol tanker drivers in the Midlands have called a 24-hour unofficial strike from this morning over demands for a 30 per cent. pay rise and fringe benefits. The stoppage may be the first of a series of disputes to hit oil and petrol deliveries. Back Page

● **BRITISH GAS** will drill further oil exploration wells in Dorset, after its new discovery below its Wytch Farm Field. Back Page. Government is seeking a new deputy chairman for the British National Oil Corporation with the retirement of Lord Balogh. Page 6

● **TEXTILES** industry is putting further pressure on the Government to extend the temporary employment subsidy after March to safeguard jobs. Page 7

● **COFFEE** price war is intensifying, with cuts of up to 30p in prices of Nestle and General Foods brands. Page 6

● **U.K. EXECUTIVES** working in West Germany seem to be getting a worse deal than their German counterparts. Page 3

COMPANIES

● **COMPAIR** is buying the Fluid Power Division of the Watts Regulator Company of the U.S. for $15m. (£7.7m.). Back Page. News analysis, Page 15

● **REED INTERNATIONAL** has been obliged to pay £5.95m. for an unwanted extra 10 per cent. of its South African subsidiary, Reed Nampak, under an agreement made in 1975. Page 15

Firemen's proposals rejected by Rees as outside guidelines

BY ALAN PIKE, LABOUR CORRESPONDENT

Proposals which Fire Brigades' Union leaders hoped might produce more money for striking firemen without breaching the Government's pay guidelines were rejected by Mr. Merlyn Rees, Home Secretary, at the start of talks on the seven-week-long dispute yesterday.

The union suggested that the introduction of a shorter working week for firemen proposed for November should be deferred in return for raising the overtime rate in the service from time-and-a-third to time-and-a-half. This, the union estimated, would increase the wages bill by about £8m.

However, Mr. Rees rejected the proposal as being outside the pay guidelines.

The meeting between Mr. Rees, the FBU executive, and local authority employers representatives, began with a firm declaration by the Home Secretary that the firemen's strike must be settled within the 10 per cent. norm which the Government is applying in the public sector.

There was apparently no change in the Government's position when, after 45 minutes, the first round of talks ended and the union and employers retired to consider the position separately. The talks were continuing last night.

Yesterday's talks began in an atmosphere of some bitterness following remarks at the weekend by Mr. Martin Brannan, chairman of the employers' side. Mr. Terry Parry, FBU general secretary, criticised statements by Mr. Brannan that the employers were getting "fed up to the teeth" with firemen's demands.

The three-sided meeting was requested by the FBU executive and it is the first time since the strike began that Government, union and employers have met together in this way. However, Mr. Rees emphasised at the opening of the talks that the Government's task was not to get directly involved in the negotiations, but to hold the pay guidelines.

Members of the FBU executive were opposed to the national strike starting, but were heavily outvoted by a special delegate conference of their members. They now have to decide at what point they should recall the conference to reconsider the position.

Faced with an initial demand for immediate increases of 30 per cent. the executive is anxious to win some improvement on the existing employers' offer before putting it to the test of a conference.

The offer would take firemen's pay into line with skilled manual workers in industry in two years time and, as a long-term formula, has won general acceptance among the strikers. However, the men have continued to demand immediate increases above the 10 per cent. guidelines before ending the strike.

The FBU executive held a lengthy meeting after Mr. Rees had opened yesterday's talks and then returned to the employer's side, who had been waiting in another room at the Home Office, for detailed talks on the proposed new pay formula.

Employers saw some faint sign of hope in the fact that the union was continuing discussions with them despite the Home Secretary's very firm declaration at the start of the meeting that the Government would not allow its pay guidelines to be broken.

Fire damage

The cost of fire damage for November was £42.7m.—the worst monthly total since the Flixborough disaster in 1974.

The British Insurance Association says the losses were "undoubtedly higher because of the reduction of cover normally provided by the fire service." Back Page.

U.S. announces steel import trigger prices

BY JUREK MARTIN, U.S. EDITOR WASHINGTON, Jan. 3.

THE U.S. this afternoon made public the first set of trigger prices that will be put into effect shortly to stem the flow of below-cost foreign steel into the American market.

The weighted average of the prices, which are based on the Japanese cost of production and which include estimated customs duties, works out at $330 per ton at U.S. East Coast ports of entry. This is 5.7 per cent. below the weighted average list price of comparable U.S. steel industry produtcs in the eastern U.S. market.

However, the prices disclosed to-day do not include importers' mark ups, which generally, according to the U.S. Treasury, come to 3-4 per cent. per ton, and which would, therefore, narrow further the price differential between foreign and domestic products.

On the other hand, U.S. producers have in recent weeks said that they plan to raise domestic steel prices by between 5 and 7 per cent. in the near future.

Where foreign steel is imported into the U.S. below the trigger price, the U.S. authorities may levy additional duties following a speeded-up investigation of the case.

As the Treasury pointed out again to-day, the extent to which the trigger price mechanism will allow the domestic industry to recapture a percentage of the market taken by imports will in good measure depend on the pricing policies of the U.S. industry.

Furthermore, the price lists announced to-day, although they

	Trigger price plus estimated customs duties	Current U.S. list price
Cold rolled sheet	$329	$333
Hot rolled sheet	$262	$288
Plate	$301	$324
Tin plate	$500	$481
Hot rolled bars	$373	$359

All prices per ton, Eastern U.S.

cover about 75 per cent. of imported steel products, do not include prices charged by manufacturers for extras such as special finishing, which form an integral part of final steel pricing. Trigger prices for extras, together with those for product lines not covered in to-day's schedule, should be made public in about two weeks.

The trigger prices were calculated on the basis of data supplied by the Japanese Ministry of International Trade and Industry and by the six major Japanese integrated steel companies last month. They were correlated with studies produced by the Brussels-based International Iron and Steel Institute and other domestic and foreign steel industry information.

The trigger price system, which will be subject to quarterly revision, could be working by February 15, Treasury officials said to-day. The first set of prices have been based on a currency exchange rate of Y240 to the U.S. dollar, though this too will be amended in the light of exchange rate movements.

Intriguingly, the Treasury disclosed that a key element in its cost calculations was an 85 per cent. operating capacity for the Japanese steel industry. In fact, as the Treasury acknowledged, the Japanese industry is currently operating at only 70 per cent. of capacity—the European industry is operating at still less. But the U.S. believes the higher figure may be properly used because the Japanese industry has averaged an 85 per cent. plus operating capacity

Continued on Back Page

Venezuela seeks $1.2bn. loan

BY JOHN EVANS

VENEZUELA is coming to the international capital markets for a $1.2bn. syndicated bank loan.

It is the first major call on the Eurocurrency markets in 1978, and marks a further softening in the terms of Euromarkets credits.

Despite its size, the terms of the new loan represent a considerable improvement for the borrower. The maturity is 10 years, and the interest rate will be ⅝ per cent. higher than Eurodollar interbank rates.

Proceeds will be used for industrial and public works under Venezuela's fifth national plan, which runs from 1976 to 1980.

Most of the near $3bn. from foreign loans and bond sales by Venezuela in the past 1½ years has been applied on projects under the plan, as well as consolidating short-term debt.

Venezuela's borrowing included, last year, a similar $1.2bn. Eurocurrency loan whose interest rate was 1 per cent. higher than Eurodollar interbank rates, and a $350m. loan towards the end of the year where the margin was ⅞ per cent.

A group of three banks, Manufacturers Hanover Ltd., Swiss Bank Corp. and Japan's Dai-Ichi Kangyo Bank have been designated joint lead managers.

Confirming the new loan in London to-day, the banks involved said a full management group for the credit is now being formed.

It is anticipated banks generally will be invited to subscribe to the loan in about a week. Such a short time indicates there is a favourable reception.

This new loan is likely to mean that a $500m. Euroloan for Siderurgica del Orinoco, the Venezuelan state steel manufacturer will not be arranged until later in 1978.

Venezuela is also due to raise around $175m. via an issue of floating rate notes, but it is not yet known when this offer will be made.

Steel increases Liberal dilemma

By Rupert Cornwell, Lobby Staff

The Liberals' dilemma over how to break their pact with Labour intensified last night. Mr. David Steel, the party leader, rejected the options put forward in the draft resolution to go before this month's special Assembly on the issue.

***His unexpected move* appears to increase the risk of a head-on clash with grass roots opinion in the constituencies and once more to put Mr. Steel's position as leader in jeopardy should the Assembly come out against him.**

Delegates were to have been given a straight choice of whether to pull out at once, or when the Finance Bill has completed its passage through Parliament next summer. It had been generally assumed that this second option would be carried comfortably, and with the acquiescence of the leader.

But at a lengthy meeting at his Scottish home yesterday, Mr. Steel told Mr. Geoff Tordoff, the Liberal chairman, and Mr. Gruffyd Evans, the party president, that the 13 Liberal MPs at Westminster could not allow their hands to be so tied.

And in what promises to be a dramatic counter-attack, he will appear in a party political broadcast on January 12, nine days before the Blackpool Assembly, to carry the case for continuing the pact to party workers and the country.

Mr. Steel made it clear yesterday that he would back any amendment to the resolution giving more flexibility to Liberal MPs. One along these lines is likely to be selected when the Assembly committee meets again on January 18.

The tough line suggests that Mr. Steel is fully aware that perhaps his strongest card is the party's dislike of the prospect of choosing another leader should he step down.

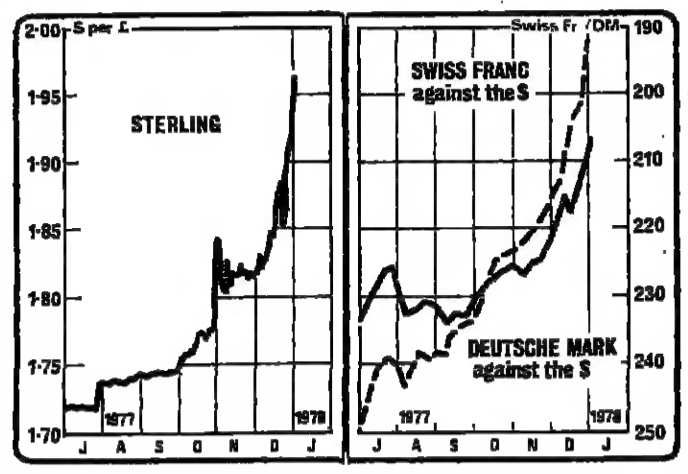
Mr. Steel has never hidden his belief that it would be impossible for him to carry on should the Assembly demand an immediate end to the agreement with the Government; but the position is far less clear if completion of the Finance Bill—which is expected to contain Liberal-inspired measures on profit-sharing—is adopted as the deadline. Liberal MPs, in spite of their disillusion, remain markedly less hostile to the pact than workers in the constituencies.

Pound rises sharply as dollar falls

BY MICHAEL BLANDEN

THE POUND rose sharply to its highest level for nearly two years yesterday as the U.S. dollar slumped in active foreign exchange market dealings.

With strong commercial and speculative demand in the morning and again in late dealings, sterling jumped 4.65 cents from last Friday's closing level to $1.9635. This was its highest since early March, 1976, when



the pound was falling sharply after it had dropped through the $2.00 barrier.

The weighted index of the pound's value against a basket of currencies also rose to 66.1, its best since April 1976, compared with 65.2 on Friday.

The strength of sterling was again mainly a reflection of the heavy pressure on the dollar, which dropped to new low levels against leading currencies generally.

The dollar's trade-weighted depreciation, as calculated by Morgan Guaranty, widened to 5.97 per cent. from 5.09 per cent. on Friday.

The Swiss franc ended dealings at a record Sw.Frs.1.92 to the dollar compared with Sw.Frs.1.9887½ on Friday, while the West German D-mark moved up to DM2.0650 against the dollar, compared with DM2.0975.

As activity in the market returned to more normal levels on the first London trading day of the New Year, yesterday's movements confirmed the continued weakness of the U.S. currency evident in the thin business which took place last week.

The market uncertainty was also reflected in a rise of $4 in the price of gold to $169¼ an ounce, its highest since May, 1975.

The pressure on the dollar continued last night in New York trading after London had closed. It reflected the uncertainty in the market about the prospects for the U.S economy and balance of payments, and dealers suggested that the dollar would fall further unless firm action were taken by the U.S. authorities to stem the decline.

The currency unrest, which has already caused problems for West Germany and Switzerland, the countries with the two strongest Continental currencies, could now begin to pose difficulties for the U.K.

Since the pound was allowed to float upwards at the beginning of November, it has risen by some 10.5 per cent. against the dollar and by 5.76 per cent. on the weighted index.

This increase will significantly erode the competitiveness of U.K. industry in international markets. But the U.K. authorities have only a limited number of options open to them if they wish to ease the pressure.

One possibility would be to allow interest rates to fall again, and it is thought the Bank of England's minimum lending rate could be cut on Friday from the present 7 per cent.

Past experience suggests, however, that interest rate reductions have little impact on speculative inflows.

Given the commitment to money supply targets—the main reason for the decision to let the pound go up last year—the authorities have limited scope for intervention to hold the exchange rate down.

Impact on British companies, Page 6

£ in New York

—	January 3	Previous
Spot	$1.9640-9660	$1.9180-1.9220
1 month	0.02-0.12 prem.	0.05-0.10 prem.
3 months	0.33-0.37 prem.	0.27-0.33 prem.
12 months	0.70-0.20 prem.	0.40-0.60 prem.

FINANCIAL TIMES

The inside pages of the Financial Times appear in a slightly different order from today. The arts coverage and the features normally carried on Pages Two and Three have been moved to the pages immediately preceding the Leader Page. European News will now occupy Pages Two and Three.

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES

Treasury 9½pc '79-81	£91	+ ⅜
Treasury 13¼pc 1997	£115¼	+ ⅞
[illegible]	[illegible]	+ 5½
Assoc. Leisure	61½	+ 3½
Barratt Devs.	121	+ 5
Belhaven Brewery	41	+ 4
Britannia Arrow	22½	+ 1½
Coral Leisure	144xc	+ 10
Dalgety	2[illegible]	+ 7
Debenhams	103	+ 3
Owls	157	+ 5
Hans of Leeds	193	+ 5
Laretos Inv.	82	+ 12
Scholl (S.) Fobel	54	+ 4
Longstone Brothers	91	+ 11
Shell (Trans.)	94	+ 3
[illegible]	37	+ 3
[illegible]	92	+ 8
Regional Prop. A	71½	+ 5
Smurfit (J.)	200	+ 6
Stocks (J.)	160	+ 5
Talbex	17	+ 3
Textured Jersey	27½	+ 9½
Young Austen, Young	59	+ 4
London Sumatra	78	+ 9
Cons. Gold Fields	175	+ 9
Free State Geduld	£12	+ ½
Western Holdings	£13¾	+ ½

FALLS

HK Shanghai Banking	246	− 13
Jardine Matheson	162	− 15
Rentokil	56	− 6
Swire Pacific	73	− 6
BP	842	− 16
Royal Dutch	£37¾	− 1½
Beyantian	205	− 20
EZ Industries	165	− 10
Messina	88	− 5
Southern Kinta	150xd	− 25
Southern Malayan	250xd	− 27½
Utah Mining	270	− 10

CONTENTS OF TODAY'S ISSUE

FEATURES

For latest Share Index 'phone 01-246 8026

EUROPEAN NEWS

Intense activity in run-up to March French elections

BY ROBERT MAUTHNER PARIS, Jan. 3.

AFTER THE Christmas and New Year lull, both the Government coalition and Socialist-Communist opposition parties are girding their loins for the vital general election which will be held in two rounds on March 12 and 19.

Domestic political activity over the next few days will be intense, in spite of the three-day visit of President Jimmy Carter to France, which will be the longest stage of his current world tour.

President Valery Giscard d'Estaing will preside over a week-end meeting of members of the Government at the Chateau of Rambouillet, south of Paris, at which the finishing touches will be put to the coalition's election programme and strategy. The so-called "action programme," which is expected to take the form of broad objectives rather than detailed policies, is due to be made public by M. Raymond Barre, the Prime Minister, at a meeting in Blois, in the Loire Valley, on Saturday.

In the meantime the Socialists and Communists will not have been idle. M. Francois Mitterrand, the Socialist leader, is due to hold a news conference to-morrow at which he will doubtles spell out in greater detail his allegations that the Government has been trying to rig the vote of French overseas citizens.

Next week-end, too, the Socialist Party is due to hold a special conference on defence problems, one of the issues on which its alliance with the Communists foundered last September, thus jeopardising the Opposition's electoral prospects.

But the event on which most attention will be focused is the two-day conference next week-end of the Communist Party, which will follow a meeting of its Central Committee, the purpose of which is to review the party's tactics since the break with the Socialists and to approve its election strategy.

The question on everyone's lips is whether the Communists have a last-minute olive branch up their sleeves to offer to the Socialists, so that the Left-wing opposition will be able, after all, to go united into the election.

However, the chances of a complete reconciliation are considered to be very slim. The slanging match which has been going on between the erstwhile partners of the Left since they parted ways has been so virulent and has brought to light so many fundamental differences that it is difficult to see how the quarrel can be patched up in the short time available.

It is still possible, on the other hand, that an arrangement can be made by the two parties for the vital second round of the election, which takes place in all constituencies in which no candidate has managed to poll more than 50 per cent. of the vote in the first round.

Many observers believe that, although the Socialists and Communists are likely to present separate candidates in nearly all constituencies in the first round, they could well agree at the last moment on joint candidates in the run-off to prevent a Government candidate from winning.

PRESIDENT Valery Giscard d'Estaing told reporters yesterday that French military help last year probably saved Zaire and Mauritania from chaos, reports UPI. In impromptu remarks during a reception, President Giscard said: "Without French intervention in Zaire and the policy we followed regarding Mauritania, these two countries would most likely have fallen into chaos."

Ecevit to announce Cabinet by to-morrow

By Metin Munir

ANKARA, Jan. 3.

TURKISH PRIME Minister designate, Mr. Bulent Ecevit, said to-day he would announce his Cabinet in 48 hours. The 52-year-old Social Democrat also said he had received firm commitments of support from 14 deputies—11 independent members and three from two small Right-wing parties—the Republican Reliance Party with two seats in the National Assembly and the Democratic Party, which has one.

These 14 seats are sufficient to give Mr. Ecevit's Republican People's Party (RPP), which itself controls 213 seats, a ruling majority in the assembly.

The RPP and its allies will make a joint declaration to-morrow laying down the foundations of its partnership.

It thus appears virtually certain that Mr. Ecevit will win a vote of confidence and take the reins at one of the most difficult times in Turkish history. It may take up to a fortnight however, before the Government is given the go-ahead by the Assembly.

In exchange for their support, Mr. Ecevit is believed to have promised to allocate his 14 backers 13 of the 29 seats in the Cabinet. It is also thought that the Cabinet seats will be increased to enable Mr. Ecevit to give portfolios to factions in his own party.

Mr. Ecevit to-day tried to dispel speculation that the composition of his Government, and its slim majority will be elements of weakness.

"In most of the democratic Western countries," he said, Governments are either in minority or have a majority of two or three seats. This is one of the characteristics of our age. I believe that our democracy, too, must learn to live with such difficulties."

The change of Government will inevitably delay Turkey's negotiations with the IMF which were scheduled to resume in the early part of this month. These negotiations have been underway since September when the outgoing Government started to implement economic austerity measures to stabilise the economy.

Our Nicosia correspondent adds: President Spyros Kyprianou said to-day that he would be willing to meet Mr. Ecevit for talks on the Cyprus problem, even though he expressed fears that Mr. Ecevit's return to power would not facilitate the search for a settlement.

Mr. Kyprianou described Mr. Ecevit as an extremist, judging him on "past experience and his recent statements and actions." He recalled that it was Mr. Ecevit who ordered the Turkish invasion of Cyprus in 1974.

Giscard to urge more $ support

BY OUR OWN CORRESPONDENT PARIS, Jan. 3.

ECONOMIC AND nuclear problems will figure high on the agenda of the talks between Presidents Jimmy Carter and Valery Giscard d'Estaing during the U.S. President's three-day visit to France starting to-morrow.

The French President, who said to-day that he was greatly concerned about the disorganised state of the world's economy, is expected to urge Mr. Carter to take more energetic action to support the dollar—which continued its slide on the exchange markets to-day—and to reduce the large U.S. payments deficit.

In separate talks which M. Raymond Barre, the French Prime Minister, will have with Mr. Robert Strauss, the U.S. special trade representative, the French Premier is also expected to elaborate on his proposals for "organised free trade," a concept which is gaining growing acceptance in other European countries.

One of the biggest sticking points in the talks is likely to be the nuclear issue, both as regards its military and civil aspects.

The French are determined to continue conducting underground tests to develop their independent nuclear deterrent. French officials explained that while the U.S. and the Soviet Union were technically so far advanced that they could continue to perfect their nuclear arsenals without resort to further tests, this was not the case for France.

On the civil side, France, which imports nearly 75 per cent. of its energy needs, is equally adamant that it must persevere with its programme for the development of fast breeder reactors which is one of the most ambitious in the world.

President Giscard will also outline his views on the role of the big powers in the Middle East and stress that the Soviet Union must be associated with any eventual system of guarantees for the area.

The French consider that they too have an important role to play in the final stages of a Middle East settlement.

Adrian Dicks adds from Bonn: President Carter is to take advantage of his brief visit to Aswan to-morrow for talks with President Anwar Sadat to fit in a 10-minute private discussion with Chancellor Helmut Schmidt of West Germany, who has been staying as the Egyptian leader's house guest for several days.

Announcing this here to-day, the West German Government spokesman said Herr Schmidt did not want to take up more than a few minutes of Mr. Carter's 75-minute stay in Egypt.

Swiss franc at new high

BY JOHN WICKS ZURICH, Jan. 3.

THE SWISS franc reached a record level against other currencies to-day, the first day of trading on the Zurich market this year. The trade-weighted appreciation attained a peak of 87.3 per cent. against Smithsonian levels, while the dollar fell to no more than Sw.Frs.1.9440-1.9490.

The weakness of the dollar was attributed to U.S. foreign trade forecasts, developments in U.S. leading indicators and continued uncertainty as to monetary policy intentions. The Swiss franc also made a further rise against the otherwise strong mark, however, which dropped to below 94 centimes.

In a radio interview to-day, the Swiss Bank Corporation managing director and chairman-designate, Herr Hans Strasser, forecast a further strengthening of the Swiss franc against the dollar.

BASQUE AUTONOMY

Initial advisory role for new council

BY DAVID HABAKKUK

THE SPANISH Government's approval last week-end of a decree granting a provisional measure of autonomy for the Basque region is an important symbolic act, and one which has averted demonstrations scheduled for to-morrow that could have turned very unpleasant.

But, as with the restoration of the Generalitat in Catalonia last September, the degree of real power granted immediately has been small, and what degree of real autonomy the two regions will get remains to be decided.

The new Basque council—to be composed initially of deputies to the Cortes (Parliament)—is intended for the time being merely to advise the central Government, and to improve its co-ordination with the regions.

Like its Catalan counterpart, it is also intended to negotiate with the central Government what powers it will eventually assume.

It will choose a president—Sr. Ramon Rubial, president of the Socialist Workers' Party (PSOE) is thought to be a likely choice—and ministers will be apointed in fields such such as education and agriculture, as has already happened in Catalonia, who will advise their counterparts in Madrid.

At the municipal elections due next year, some of those elected to local office will also be elected to serve on the council.

But, important milestones though its setting up may be, such a council comes nowhere near satisfying the long-term aspirations of members of the Basque Nationalist Party, who want a much more substantial degree of autonomy, although not, except in isolated cases, independence.

Nor is it expected to have any significant impact in restraining the terrorist activities of the Basque militant organisation, ETA, which wants total independence for the region.

On one key issue, that of control of the forces of law and order, it appears unlikely that the Government of Prime Minister Sr. Adolfo Suarez will make any far reaching concessions. Ever since the Civil War, in which all the Basque provinces except Navarra opposed the late General Franco, the forces of law and order have been regarded as an "invading force" and next to none of their members are Basques.

It has been one of the key demands of Basque nationalists that the control of these forces should be exercised by the regional government.

Already it appears that Sr. Suarez intends that law and order shall remain firmly under central control. There is some room for compromise in increasing regional influence on the forces of law and order, and the number of their members who are Basques.

Another key issue will be whether the region will have any power to levy taxes. The Government appears to be considering the possibility of making available some kind of fund in 1979 for all the regions—not just the Basque provinces and Catalonia—but that in itself would be a far cry from the power to levy taxes.

Nationalists' demands in both these two relatively prosperous areas are likely to be sharpened by their common conviction that the Madrid Government has sucked funds out of them.

Besides the substantial gulf likely to separate Sr. Suarez's Government from Catalan and Basque nationalists on a number of issues, there are other problems which could impede an easy transition to a stable form of autonomy.

Prominent among these are the activities of the Basque militant organisation, ETA. Hopes that the amnesty for Basque and other militants agreed in October might put a stop to the terrorist violence which has so long plagued the region have not come to anything. Although the organisation can no longer count on the widespread tacit support it had under Franco, the security forces have not been able to seriously damage its operational capability.

Recently, ETA has increased its campaign of violence, having claimed responsibility for three killings since November. Last week, extremists thought to belong to the organisation kidnapped two separate vanloads of explosives, and there is apprehension about the uses to which these might be put.

Any further intensification of terrorist action could lead to over-reaction by the security forces, which could have harmful effects on the negotiations over autonomy.

Also problematical, although less serious, is the position of Navarra, which caused the delay in approving the autonomy decree, initially agreed in November. The province—which had a strong Carlist tradition and supported Franco in the Civil War—was also the only Basque province to return a majority of deputies of Sr. Suarez's Union of the Democratic Centre in the June General Election.

However, serious as Sr. Suarez's problems with the autonomy issue remain, what had been widely expected to be the most severe problem is beginning to look much less serious. The Spanish army under the late General Franco was trained to regard the preservation of national unity as one of its central tasks. It had been feared that any serious devolution might provoke military intervention.

However, with the democratisation of Spain going more smoothly than had generally been expected, many observers believe the army would increasingly find such intervention difficult. The chances of the kind of devolution Sr. Suarez—or even a Socialist successor—might concede, provoking it are nothing like so great as had been feared.

Irish admit defying fish quota

BY GILES MERRITT DUBLIN, Jan. 3.

THE IRISH Fishermen's Organisation (IFO) has confirmed in Dublin that a number of fishing boats in the Republic have been defying EEC quota regulations and have made illicit herring catches to a value approaching £2m. However, Irish fishing industry sources are claiming that Dutch trawlers are also ignoring EEC accords and have been fishing even larger quantities of herring in the closed waters of the Celtic Sea.

The admission by the IFO of illicit fishing in both the Irish and Celtic seas is understood here to be part of a deliberate plan to direct attention in Brussels toward the continued defiance of EEC regulations by Dutch skippers, with the aim of strengthening the Irish fishing industry's demand for a 50-mile limit around Ireland.

Irish officials, however, are understood to be concerned that the news that Irish fishermen have also been flouting the quota regulations will, in fact, weaken the Republic's case for an exclusive limit. There are fears in Dublin that when the next round of fisheries talks opens in Brussels in a fortnight's time, Ireland will come under strong criticism for failing to enforce the conservation quotas.

In an effort to justify the illegal herring catches by Irish boats (which over the past six months have totalled 5,000 tons) Mr. Joe Murrin, head of the IFO, commented: "At the rate fish is now being caught by Irish fishermen, our quota would have to be doubled, or else our trawlers could be tied up for six months of the year while Dutch and other trawlers fish freely off our coast."

Irish fishermen have been threatening to openly defy the herring ban in the Irish and Celtic seas in advance of the January 16 EEC Council of Ministers meeting in Brussels. But parallel to the revelation that a number of boats have been making illicit catches, a meeting of IFO representatives voted at the week-end to continue observing the ban.

Boumedienne in Malta for talks on aid

By Godfrey Grima

VALLETTA, Jan. 3.

ALGERIAN PRESIDENT Mr. Houari Boumedienne to-day flew into Malta for talks with Maltese Premier Mr. Dom Mintoff on the support Algeria will make available to the island after British bases are permanently closed this year.

According to authoritive Government sources, to-day's negotiations were expected to identify the economic support Algeria is prepared to give. Mr. Mintoff's Government has asked Libya, Algeria, France and Italy to "guarantee" the island's neutrality and her economy after the British leave.

Moscow to free Klymchuk

MOSCOW, Jan. 3.

THE SOVIET UNION to-day announced it was expelling Mr. Andrej Klymchuk, the British student who has been held by the KGB since August on charges of anti-Soviet activity.

British embassy officials said they were informed that Mr. Klymchuk, a 22-year-old student at a Hull teachers' training college, would be flown to London on Thursday morning aboard a regular Soviet Aeroflot flight.

The official Tass news agency said the decision to expel him rather than put him on trial was taken in response to repeated appeals by Britain for clemency, and to his own "sincere repentance" in a letter to the Soviet Government.

After his arrest on August 1 in the West Ukrainian city of Lvov, which he was visiting as a tourist, Mr. Klymchuk fully admitted his guilt, it said.

Tass quoted the Lvov prosecutor's office as saying he tried to distribute written appeals for a struggle against the socialist system, and smuggled in Roubles 10,000 ($14,000) to organise anti-Soviet subversion.

Reuter

THE FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription $178.00 (air freight) $334.00 (air mail) per annum. Second class postage paid at New York, N.Y.

هكذا من الأصل

IRI chief likely to resign and cause political problems

BY PAUL BETTS

ROME, Jan. 3.

THERE ARE growing signs that Sig. Giuseppe Petrilli, the 64-year-old chairman of the giant Italian State holding company, Istituto per la Riconversione Industriale (IRI), may resign shortly from the post he has held for 18 years.

To-day, the company declined to comment on a report by the authoritative Turin newspaper La Stampa that Sig. Petrilli, whose chairmanship is to end officially in October, would resign during the next few months.

Any early resignation by him would, *it is understood*, be voluntary. For some time, Sig. Petrilli, who is president of the Italian section of the European Movement, has indicated that he wanted to prepare himself for the eventual elections to the European parliament.

His resignation, however, would provoke considerable political problems, especially for the ruling Christian Democrat Party. IRI, which groups some 150 companies and employs more than 500,000 people, is a mainstay of the Italian economy and *has traditionally* been a power base for the Christian Democrats. But, in the current fragile political balance, it is clear that the opposition parties, including the Communist, will demand a major say in the nomination of a new chairman.

Over the last few years, the holding company, originally one of the *models for* the British National Enterprise Board, has become increasingly controversial in the debate about the overall role of the troubled Italian State sector.

More recently, it has faced an internal management revolt against the hierarchy of the giant group, with some senior officials resigning. Despite a promised reform of the group management structure, to give a greater say to senior managers in the company's decision processes. Such *a reform has yet to be enacted.*

IRI's consolidated turnover in 1976 amounted to some Lire12,000bn. (£8bn.) and its accumulated debts total about L15,000bn. The state holding controls, among other companies, the Finsider steel group, Alfa Romeo, Alitalia, Finmeccanica and four major commercial banks, the Banca Commerciale Italina, Credito Italiano, Banco di Roma and Banco di Santo Spirito.

Meanwhile, economic experts of the main Italian political parties are to meet to-morrow to examine the government's controversial new economic package, against which the trade unions are threatening to call a general strike.

The Prime Minister, Sig. Giulio Andreotti, is now under considerable political pressure, facing growing demands from the left-wing parties for a change in the present government formula of a Christian Democrat minority government kept in office through an agreement with opposition parties.

ARTS COVERAGE TO-DAY APPEARS ON PAGE 11

Drought crisis in Palermo after months without rain

BY OUR OWN CORRESPONDENT

ROME, Jan. 3.

THE 800,000 inhabitants of Palermo, the capital of Sicily, are now perhaps the thirstiest people in the Western world. After nearly nine rainless months, even the few teetotallers of the city are turning to wine to quench their thirst and brush their teeth.

Wine, in effect, has become far cheaper than bottled mineral water which has turned into a precious commodity in the supermarkets where it is reported to be selling for as much as £2.50 a bottle.

The drought is turning into a major crisis. Water is severely rationed to a limited number of *hours every third day and the* local authorities are planning to limit water supplies even further.

But it is not just a problem of rain. There has been a breakdown in the pipeline serving the city.

Attempts to ease the situation by harnessing water from the River Oreto have failed because the river contains so much bacteria that its water is unusable, according to the provincial medical officer.

The irony is that Palermo sits on a soft-water table and there are some 1,700 privately owned wells, whose owners are reported to be selling water on the black market for as much as £18 for 500 litres.

The importance of the issue was reflected over the weekend at a news conference by the Italian Prime Minister, Sig. Giulio Andreotti, chiefly aimed at defending his hard-pressed minority Christian Democrat Government. The Prime Minister, in effect, was forced to give a pledge to a Sicilian *journalist that a solution would* be sought, so turning the Palermo drought into a major national issue.

To-day, representatives of the region held emergency talks with the Cassaper il Mezzogiorno, the state credit agency for the development of the depressed South.

In this emotional climate, the Mafia is being blamed for obstructing an efficient water supply to the city—a traditional stronghold of the "honourable *society"—in order to maintain* their hold on the economy of the region.

The Palermo problem, however, only highlights what is basically a broader Sicilian problem. The port of Messina has suffered from a similar shortage. The town of Caltanissetta has been plagued by typhoid and other diseases as a result of the pollution and shortage of water.

Portugal's payments deficit worsening

By Diana Smith

LISBON, Jan. 3.

FIGURES PUBLISHED to-day by the Bank of Portugal provide further evidence of the country's bleak economic situation.

Although the figures only refer to the first half of 1977, they show that by the end of June, the balance of payments deficit rose to Escudos 28.162bn. (about $704m.). Official figures are not yet available, but it is estimated that this deficit had exceeded $1bn. by mid-November and, at the year's end, stood at about $1.25bn.

The major culprit in the balance of payments deficit is the "merchandise" account, which, at the end of June was $1.058bn. in the red.

This reflects Portugal's dependence on outside supplies of foodstuffs, animal feeds, oil, machinery, raw materials (both minerals and supplies for her textile and leather-goods industries), cork (which she once exported), chemical products, wood pulp.

Only renewed confidence in the banking system by more than 1m. Portuguese living abroad, and resuscitated tourist trade stopped the balance of payments from plunging further. At the end of June, the balance of the current invisibles accounts was in the black, at $353.6m., the private transfers account was equally positive, at $475m., so was the banking operations account, at $345m. Emigrant's remittances, which totalled $995m. by the end of November (50 per cent. higher than the same period of 1976) and tourist revenue $450m. by December saved the day.

These positive factors, however, can yield little more than a brief breathing space while Portugal continues to spend so heavily on imports. The precariousness of her present situation is starkly reflected *by the balance between her* available gold and foreign exchange reserves in mid-November and her obligations in the same sector.

On that date, the balance was $241.673m. in the red. Obligations stood at $1.457bn. available reserves at $1.216bn.

Just under two months later, available reserves are estimated to be dangerously low. As long as the country has no new Government with which overseas finance authorities *can negotiate*, the likelihood of rapid injections of foreign funds is remote. The International Monetary Fund (IMF) negotiating team is waiting in the wings after suspending dealings with Sr. Mario Soares' minority Socialist Government in November until the political situation became clearer.

In theory, the IMF experts are due to return to Lisbon on January 17 in the hope of finding a newly-formed Cabinet with which to resume negotiations over a $50m. standby loan and a medium-term $750m. credit destined to prop up the balance of payments.

In practice, negotiations for a new Government are proceeding so slowly that only optimists expect Sr. Soares to have picked his new team *of* Ministers and presented a new programme to Parliament by that date.

Data Protection Act limits Bonn civil service

BY ADRIAN DICKS

BONN, Jan. 3.

A NEW federal Data Protection Act, claimed to be the most comprehensive yet introduced in any member country of the European Community, came into force in West Germany on Sunday. Herr Werner Maihofer, the Minister of the Interior, has described it as "an important strengthening of the citizen's right to protection."

The Act places limits on the uses to which the federal civil service may put data on individuals, and on the circumstances in which information may be passed on from one department of the Government to another.

In addition, it sets similar restrictions on how private companies may make use of, or sell to one another, the data collected in their archives.

According to Herr Maihofer, the new Act seeks to steer round "perfectionist solutions to individual cases" in order to arrive at broad principles, of which the most important are to set up machinery to inform people of their rights, to allow them to expunge wrong information, and to prevent misuse from taking place.

Professor Hans Bull, an expert in data law from Hamburg University, has been appointed as federal Commissioner for Data Protection, and will have the task of setting up much of the detailed implementation of the Act. He will also be accessible as a sort of ombudsman to any West German who feels that his or her rights of privacy have been trampled on by the federal civil service.

In the private sector, banks, insurance companies, mail order houses, credit agencies, mailing *list suppliers and other collectors* of electronic data on individuals are required to set up special staffs to ensure that the Act is observed. Even before it has come into effect, the Act has been heavily criticised by liberal newspapers and lawyers for its omissions.

One problem is that it applies (in its provisions regarding Government departments) only to the federal government and its agencies. State and municipal bodies, far more important in the day-to-day administration of West German life, are covered only when they fall under federal law, while the varying Data Protection Acts already in force in some of the 11 states are not touched.

More seriously, the Act specifically excludes from the principle of public accessibility the very federal agencies which cause most concern to liberals by their huge accumulation of computerised data—the security and intelligence services, the armed forces, the federal criminal bureau, the police and the tax authorities. It seems likely that Herr Maihofer will eventually be forced by opinion within his own Free Democratic Party (FDP) to consider further legislation that, while not denying any of these bodies the right to collect and store data on citizens, would more convincingly limit the uses to which it could be put.

Further criticism of the new Act *revolves around its pro*visions dealing with the exchange of confidential medical information (for example, between sickness insurance funds and life assurance companies), and on the somewhat ambiguous definition it offers of the rights of the media to publish information which might be obtained from confidential data banks.

British executives are 'cheap labour' in West Germany

BY GUY HAWTIN

FRANKFURT, Jan. 3.

BRITISH EXECUTIVES working in West Germany seem to be getting a worse deal than their *German counterparts, according* to a survey published here. Not only that, but their fringe benefits and conditions of employment appear to be declining rather than improving.

The survey, undertaken on behalf of the British-German Trade Council, covers only 143 companies—75 per cent. of them subsidiaries of U.K. companies. Most of them are quite small operations. The median turnover is DM4bn. and 80 per cent. of them employ less than 50 people.

Although there could be a considerable variation in the sample mix compared with the survey published last year, the results lend weight to a growing feeling here that British executives are being used as cheap labour. It is by no means unusual to come across British managers in West Germany who are earning considerably less than the West German or U.S. staff reporting to them.

Furthermore, the British executive's ability to improve his earnings and fringe benefits position is circumscribed. One British senior executive of a U.S. multinational, now working in America, told the Financial Times that, when he protested that he was earning less than people beneath him, he was told that he could have his old British job back—at his U.K. salary—any time he chose to ask. This was despite the fact that the foreigner posted there to take his place was being paid three times as much.

As the survey—undertaken by IRG Ferguson in association with Urwick International Management Consultants — covers mostly very small companies, the definitions of middle management, senior management and top management need to be taken with a pinch of salt.

A comparison of fringe benefits is particularly striking. The British executives are worse off than their West German counterparts in many important respects including the 13th month's salary paid by many West German companies, holiday allowances, Christmas allowances, accident insurance, meals subsidy and transportation allowances.

On the other hand, a few more U.K. executives than Germans receive bonus or profit sharing payments and participate in pension schemes. Many receive private medical care benefits. Against this 71.6 per cent. of U.K. expatriate staff enjoy a company car compared with 61 per cent. of German staff.

The survey also indicates that fringe benefits paid to U.K. staff has declined from 1976 to 1977, although the steepness of the drop could well be caused by variations in the sample mix. In 1976, for instance, some 65.2 per cent. of U.K. sales and managerial staff received no holiday allowance, but in 1977 this had risen to 69.1 per cent. Again, in 1976, some 55 per cent. were paid no Christmas allowance compared with 74.1 per cent. in 1977. However last year 28.4 per cent. of executives received a 13-month salary compared with 24 per cent. in 1976.

POLITICAL SATIRE IN EAST GERMANY

Putting the Govt. through the Peppermill

BY LESLIE COLITT IN BERLIN

EAST GERMANY'S highly centralised economy, which is faced with rising demands on its performance, is the target of an unusual evening of parody at a political cabaret here. In a country which is rarely permitted to laugh at itself, the programme of often biting satire will even be taken on a tour of the country. One explanation of this tolerance is that East German officials are using the cabaret as a safety valve for some of the pressure felt among the intelligentsia who constitute the largest part of the audience.

The Pfeffermuehle (Peppermill) cabaret performs in an intimate 176-seat theatre opposite the church of St. Thomas where Bach played the organ for 27 years. Although the Pfeffermuehle has long been regarded as one of the best cabarets in either East or West Germany, past programmes were often filled with obligatory snipes at the West. Now, however, the target is solely East Germany and one has to listen closely for the skits are closely attuned to daily life in East Germany.

In one allegorical scene, a worker insists that he can fly and is called on to explain this eccentricity by his foreman, the brigadier, who listens as the man enthusiastically explains how he could help the factory by flying in badly needed spare *parts. The brigadier replies,* with a bureaucratic snicker: "We have our plan and there is no room in it for people who can fly." He passes the worker on to the trade union representative who tells him: "Your problem seems to be that you fail to see the deeper causes of your wanting to fly. You see, you're acting spontaneously." In Communist parlance, this is one of the most damning of accusations.

The worker then appears before the head of the Arbitration Board, who tells him: "If only you had told me earlier, I could have tried to stop your flying." By the time the worker reaches the factory director he can no longer fly and apologises for thinking that he ever could. The East German audience breaks into laughter and there is many a knowing glance exchanged between spectators who know of the fate of unorthodox ideas in their society.

Only a few months ago, Herr Rudolf Bahrd, an East German *Party member and factory eco*nomist in East Berlin, was arrested and accused of espionage after being interviewed by Western news media about his book on the encrusted economic bureaucracy in East Germany and the need for a Marxist political opposition.

In an exchange between performers at the Peppermill, one of them exclaims that "in the interests of Socialist solidarity we must unite with our audience." His companion replies *laconically: "Exactly, united we* shall land in prison." The first performer shoots back: "If you didn't write that line, then who are your backers?" The audience roars at this mention of the Party's standard claim when there is the slightest hint *of opposition in East Germany* that someone is plotting behind the scenes to undermine the established order.

The Pfeffermuehle even has a few barbs for the Party leaders of East Germany. Two characters on the stage discuss why they never perform skits about prominent East German Party members. One of them: "Naturally, if our Defence *Minister, the country's foremost* hunter, were to misuse his privileges then we would do a piece on him." The other man asks why there is always a portrait of Herr Erich Honecker, East Germany's Party chief and Head of State, in every restaurant and snack bar in the country. His partner replies that it is "part of our political education," which brings the retort: "We could do with better food and less of that education."

In a series of thinly-veiled jibes at the Government and state bureaucracy, the Peppermill cabinet is helping to relieve some of the frustration felt by the East Germans.

East Germany's former Price *Minister, Herr Horst Sinder*mann, now head of the rubber-stamp Parliament, is the butt of light ribbing when an actor asks why East German newspapers never write anything personal about their leaders. "For example," he says "did anyone re*port that Horst Sindermann was* in Prague to see the black theatre or that he smuggled a case of beer back over the border?"

That holiest of East German cows, the country's subservient relationship with the Soviet Union is even touched on in one stage dialogue between a trade union chairman and the head of a work brigade who is about to be awarded the banner of labour. The chairman notes: "Your brigade, oddly enough, is the only one which has more members that belong to the German-Soviet friendship society than it has workers."

The struggle between the Church and the Party is lightly taken care of in the exchange between two fathers. One of them asks what the other man's son wants to become, to which he replies: "A good Socialist." "I see," says the first man. *"Then you'd better send him to* confirmation because he's going to need a lot of faith."

A number of anecdotes deal with the Intershop, the State chain of stores which sells Western merchandise to East Germans for West German *D-marks. The expanding chain* is creating much ill will among those East Germans who have no access to D-marks and it inspires the crack from one performer that "all we now need is to be told that for five West marks at the Intershop you are allowed to tell the German Democratic Republic to go to hell for ten minutes."

Then there is the quip that refers to colour TV sets in East Germany, which sell for 3,500 marks but, because they use the Soviet version of the French Secam system, cannot receive West German PAL programmes in colour. "Courage," remarks one actor, "is going to your local department store instead of the Intershop to ask for a TV set that gets all the channels in colour."

One rapid-fire routine at the cabaret deals with an *inferior* but expensive brand of coffee in East Germany called "Mix coffee" and the neutron bomb, which kills people but leaves property intact. "What's the difference between Mix coffee and the neutron bomb?" asks one performer. "Mix coffee destroys the cup."

The Pfeffermuehle was the cabaret which last year asked: "Do things get stolen in a Socialist society?" The answer: "No. Everything has already been stolen."

AMERICAN NEWS

Ford warning of design flaw in 2.7m. small cars

BY STEWART FLEMING

NEW YORK, Jan. 3.

FORD Motor Company, the second largest U.S. car producer, has notified its dealers that about 2.7m. of its smaller cars have a design flaw which could cause engine damage.

The company has told dealers that it will pay for repairs to correct the problem, which causes inadequate engine lubrication in cold weather.

The Ford announcement is only the latest in a long series from U.S. motor manufacturers.

Only last week, Chrysler Corporation, the third biggest producer, said it was recalling for repair 1.3m. cars "for correction of two possible causes of engine stalling" which it described as "a safety related defect."

The Chrysler decision followed negotiations with the National Highway Traffic Safety Administration, which can order car recalls where a safety hazard can be proved.

The agency had been looking at the stalling problem from a safety standpoint. For Chrysler, the action was the fourth big recall of 1977.

Chrysler's experience was repeated throughout the motor industry last year. According to Safety Administration statistics, 1977 was a record year for vehicle recalls because of potential hazards with around 12.5m. cars, trucks, buses and motor cycles involved.

The previous record year was 1972 when 12m. vehicles were recalled.

In the intervening period, recalls averaged 3m. a year.

Motor dealers complain that they suffer more than the motor manufacturers from recall orders. Some argue that announcements tend to depress sales of new vehicles of the sort named in recall orders.

They also complain about the time they have to spend carrying out the repairs arguing that the standard repair charges laid down by the manufacturers do not reflect the costs.

In recall cases, the manufacturer meets the cost of the work.

In many cases, the motor companies voluntarily order repair work to correct design flaws. Ford, for example, had privately notified dealers of its plan to pay for correcting the engine lubrication problem.

This policy of privately advising car dealers and not car owners of design flaws is running into increasing criticism. It is argued that some car owners end up paying for repairs to their vehicles because they did not know and were not told about the motor manufacturers' decision to pay for corrections.

The manufacturers are only legally required to notify owners of safety defects.

Ford says that the design flaw it is correcting could cause problems in 2.7m. Maverick, Grenada, Comet and Monarch compact cars.

But it expects only about 2 per cent. of these cars to be affected because it only shows up in extreme cold weather.

It arose as a result of an attempt to save manufacturing costs by eliminating the drilling of an oil hole.

Hungary crown dispute

BY JUREK MARTIN

WASHINGTON, Jan. 3.

LAST MINUTE, and probably forlorn, attempts were being made here to-day to block the return by the U.S. of the historic crown of St. Stephen to Hungary.

Mr. Cyrus Vance, the Secretary of State, who is currently accompanying President Carter *on his seven nation tour, is due* to go to Budapest on Friday to hand over the symbolic relic, which has been in U.S. hands since the last war.

An opponent of the U.S. intention was planning to-day to petition the Supreme Court to seek a restraining order temporarily blocking the transfer. The matter will be heard by Justice Byron White, who may issue such an order (pending a review by the full court) or may dismiss it out of hand.

Senator Robert Dole, the Kansas Republican who has been intensely critical of the planned U.S. action, said to-day that he was not optimistic that the Supreme Court would respond *favourably. He acknowledged* that the court was the last chance of blocking the return of the crown.

Senator Dole, who has received the active backing of ethnic American-Hungarian groups, has argued that the U.S. gesture amounts to unnecessary appeasement of the Communist regime in Hungary.

In a letter to the court released to-day, he claimed that the transfer of the crown "is a matter of such international significance that it may only be accomplished pursuant to a treaty" which would require approval by a two thirds majority in the Senate.

On New Year's eve, Mr. Dole sent a telegram to President Carter, then in Tehran, asking him to reconsider his decision. But subsequently the Senator said he doubted whether Mr. Carter would change his mind.

Quebec referendum

Referendum legislation, introduced by the Parti Quebecois in the provincial assembly, says that the basic question on Quebec's future in the Canadian confederation will be put in English as well as French, and possibly in some indigenous languages for certain areas of the province, writes our Montreal correspondent. Most of the legislation appears to be in line with a White Paper of last autumn.

U.S. clears natural gas imports

BY OUR OWN CORRESPONDENT

NEW YORK, Jan. 3.

THE CARTER Administration *has approved two proposals* for further imports of liquified natural gas (LNG), in spite of strong reservations on the question of natural gas imports.

These reservations have already led the Administration to move away from the policy of President Ford to allow imports up to a specified ceiling. Instead, the Government approves LNG import plans on the merits of each individual project.

More recently, the Administration's concerns about LNG imports were demonstrated when the Energy Department refused to allow natural gas imports from Mexico at the price of $2.60 per 1,000 cu. *feet.*

In its new LNG decisions, the Department has approved a proposal from Pacific Indonesia LNG company to import 539m. cu. feet of gas a day for 20 years from Indonesia. The gas amounts to about 1 per cent. of U.S. consumption and will be distributed around California. The Department also approved a proposal by a subsidiary of Cabot Corp. to triple its LNG imports from Algeria to 43.5bn. cu. feet a *year.*

The Energy Department's decision will raise the hopes of other companies which have applications for LNG import approvals pending.

The Administration's reservations about LNG imports *remain however. There is concern* about the reliability of energy supplies from foreign sources as well as the impact of further energy imports on the U.S. balance of payments.

In addition, there is the possible impact of LNG imports on the domestic market. The Administration is seeking to retain government price control on inter-state natural gas supplies and to hold the price of supplies down to $1.75 per *1,000 cu. feet. There are fears* that high-priced imports could reinforce pressure from the industry to remove price controls or at least allow the domestic price to rise more sharply.

Mexican pipeline problem

BY ALAN RIDING IN MEXICO CITY

CLUMSY BARGAINING and misplaced nationalism are threatening to sink Mexico's plan to sell large quantities of natural gas to the U.S. Mexico finds *itself building an $21-mile* pipeline to the U.S. without having a contract to sell its gas North of the border. Even worse, its inflexibility in dealing with the U.S. may convince the Americans that they can do without Mexican gas for a few more *years.*

Mexico's mishandling of the gas negotiations would perhaps have gone unnoticed had it not coincided with the long and complicated debate in the U.S. Congress about President Carter's energy package. Mexico suddenly *found its demands in conflict with* President Carter's proposal on the pricing of natural gas. Rather than showing willingness to make a deal, Mexico stood firm on its original price demand and forced the Carter administration to reject it out of hand. Clearly President Carter was not prepared to torpedo his own energy bill in order to appease Mexico.

Last winter's American gas shortage awakened Mexico to the export opportunities that it was wasting by flaring much of the gas associated with the oil being produced in the South-Eastern fields of Chiapas and Tabasco. Declaring that, "We either burn it or export it," the Government decided to build a $1.5bn. gas pipeline running from the South-East, along the Gulf coast, to the *Texas border at McAllen.* The Left complained that Mexico was increasing its dependence by concentrating gas sales in one market, but officials retorted that it was not logical to liquify the gas for shipping to Europe when a rich market could be reached by pipeline.

In June, the State oil monopoly, Pemex, signed a "letter of understanding" with six American gas distribution companies under which Mexico would sell at least 1.7m. cubic feet of gas per day for a six-year period at a price equivalent to that of number two light fuel landed in New York harbour. But that price—about $2.60 per 1,000 cubic feet in mid-summer —had to be approved by the U.S. Department of Energy by December 31, 1977, if the contract with the six companies was to take effect.

Expecting no problems, Pemex made contracts with West German, Japanese, American, Italian and French companies to provide the 48-inch seamless steel *piping needed for the project.* A routine application went into the U.S. Export-Import Bank for credit for equipment to be acquired by Pemex—$340m. worth for material for the pipeline and $250m. for additional oil equipment. Pipeline suppliers also provided financing for their sales. Full of optimism, the administration announced that gas exports beginning in 1979 would pay for the pipeline in only two years and would finance the construction of a domestic gas network. To assuage the nationalist Left, officials even claimed that the pipeline to the U.S. was in reality a domestic trunk line, with a connection to McAllen where surplus gas could be sold. No one was convinced, though, because domestic prices and demand for natural gas are still too low to justify the project.

> **By refusing to be more flexible on the price of proposed gas sales to the U.S., Mexico may lose a valuable foreign exchange earner. President Carter refuses to endanger his Energy Bill for the sake of the Mexicans and both sides are now playing a waiting game.**

The Congressional energy debate in Washington, however, tossed the little-noticed Mexican project into a whirlpool of political pressures and, with President Carter demanding a maximum inter-states gas price of just $1.75 per 1,000 cubic feet, Democratic Congressmen began campaigning against the Mexican contract.

Almost immediately, the Ex-Im Bank suspended its line of credit to Pemex for pipeline equipment. But it revived the loan conditional upon approval of the final contract between Pemex and the gas companies by the Department of Energy. The administration, however, remained strongly opposed to the price the companies were proposing to pay for Mexican gas.

At a Press conference on November 30, President Lopez Portillo then announced he would not lower the price in order to reach agreement with Washington.

Once the President had spoken, Pemex and other officials had to adopt the same hard line. With Pemex's "letter of understanding" with the gas companies due to expire on December 31, Foreign Minister Santiago Roel flew to Washington shortly before Christmas to confer with Secretary of State Cyrus Vance and Secretary of Energy James Schlesinger, but to no avail. Pemex announced that number two light fuel was now worth $2.76 per 1,000 cu. ft., but the U.S. was only prepared to pay $1.70 for Mexican gas. As a result, Pemex would not renew its "letter of understanding" with the gas companies and would go ahead with construction of its domestic gas network, selling to the U.S. only when Washington accepted its price conditions.

This decision was hardly good sense. Had Mexico not committed its national honour to a gas price of at least $2.60, the decision to withdraw from negotiations would even have been wise. Until the Congressional energy debate is concluded, the Carter administration can take no decision on imports from Mexico. And, in the meantime, Mexico was being used by the gas companies which wish to see domestic gas prices entirely de-regulated.

But the original claim that: "We must either burn the gas or export it," now mysteriously became: "We will export it at $2.60 or we will use it ourselves." That was to ignore Mexico's minimal gas consumption and its ability to earn vital foreign revenues from gas sold at, say, $2.16 per 1,000 cu. ft. the price to be paid for Canadian natural gas. At present, flaring gas has been reduced because wells producing mixed oil and gas have been temporarily sealed. But with the pressure to export more oil these wells will be reopened in 1978 and the gas will again be flared. As Washington knows, Mexico thus has no real choice but to make a deal on a gas export price. However, there are now extra problems; the two sides must not only reach agreement on a price, but also on a face-saving device for Mexico.

Chile poll to go ahead in spite of opposition

By Robert Lindley

BUENOS AIRES, Jan. 3.

GENERAL AUGUSTO Pinochet, the Chilean President, continues to ignore the spreading opposition—within the military junta, the banned political parties and the Roman Catholic church—to the plebiscite he has called for to-morrow.

The new Chilean Comptroller-General, Sr. Sergio Fernandez, has approved the "popular consultation," as General Pinochet calls it. Sr. Fernandez, who assumed his post yesterday after his predecessor last week rejected the presidential decree calling the poll unconstitutional, said that the decree "is unobjectionable because it does not produce juridical consequences."

All but two of the catholic bishops in Chile (those for Puerto Montt and Valparaiso) have signed a communique requestion General. Pinochet to call off or postpone the plebiscite on the grounds that its opponents have been given no chance to campaign. But even the two non-signatory bishops object to the second and final part of the formula on which all Chileans over 18 will be required to vote "yes" or "no" *to-morrow.* The formula reads in full:

"In the face of international aggression unleashed against our country, I support President Pinochet in the defence of Chilean dignity, and I re-affirm the legitimacy of the Government of the republic to lead with sovereignty the country's process of democratisation."

Yesterday, Gen. Pinochet, campaigning for the formula in Valparaiso, the main port, denied spreading speculation that, through the plebiscite, he is attempting to get rid of his three fellow members of the junta and rule alone. Gen. Pinochet said: "I have not done it for personal aims, and this I affirm with the most absolute honesty." The basic issue at stake is whether or not Chileans back Gen. Pinochet in the face of condemnation of his regime in mid-December by the UN general assembly, for alleged violations of human rights.

Yesterday, Dr. Eduardo Frei, who was the Christian Democratic President from 1964-70, broke his silence on the issue when he called a news conference in his Santiago home and, solemnly and nervously, read a statement questioning the legality of the plebiscite. When a journalist asked him if he would vote, Dr. Frei replied, "We have instructed our people (the Christian Democrats) to vote no. If they abstain, they identify themselves as enemies of the Government, and this is not prudent. Of course, I will not vote."

Yesterday also, there were clashes in Santiago streets between supporters and opponents of the plebiscite, which Gen. Pinochet is expected to win with about 60 per cent. of the expected votes, more than 6m. in total, being affirmative.

Gay rights extended to NY police

By Our Own Correspondent

NEW YORK, Jan. 3.

IN HIS first full day in office, the new Mayor of New York, Mr. Edward Koch, has stirred up controversy by announcing that homosexuals would be included in an executive order banning all discrimination in city government. The order would, among other things, guarantee homosexuals the right to be hired as policemen or firemen.

The order will cover all forms of discrimination. The Mayor's statement was not specifically directed at the area of homosexual rights. He said that no discrimination would be permitted in any area in which government has control on the *basis of sex, sexual orientation,* race, religion or national origin. In making the announcement, he asked reporters, "have I left anything out?"

The new Mayor is tackling an issue which has previously provoked controversy in New York, *a city which has taken to the* sexual revolution enthusiastically and has a strong gay rights movement.

The City Council has twice rejected efforts to ban discrimination against homosexuals in private jobs, housing and public *accommodation. The city government* already has an anti-discrimination policy promulgated at an administrative level, which the Mayor described as "not as broad as it should be."

Geisel to visit Bonn in March

BRASILIA, Jan. 3.

THE BRAZILIAN Government announced to-day that the President, Gen. Ernesto Geisel, will make a five-day state visit to West Germany in March for top-level talks, visit his family's ancestral home, and discuss the controversial $4.6bn. nuclear technology agreement between the two countries.

The visit, on March 6-10, was not expected to be followed by trips to Romania and Yugoslavia, as had been reported earlier, diplomatic sources said. They added that the nuclear deal, through which Brazil will acquire a nuclear enrichment plant capable of producing weapons grade uranium, would occupy a large part of the talks.

The visit appeared timed to precede an as yet unconfirmed visit in March or May by President Carter to Brazil. His opposition to the nuclear deal has soured relations between Washington and Brasilia and Bonn.

UPI

OVERSEAS NEWS

Sadat repeats demand for Palestinian state

BY ROGER MATTHEWS

CAIRO, Jan. 3.

President Anwar Sadat of Egypt has again insisted that there can be no half-measures on the question of Palestinian self-determination.

"I believe there is no one in the world who would differ with me about it," he told a Mexican television team. "Self-determination is a principle agreed upon the world over."

However, the President also thought that he had made tangible progress towards peace during his Christmas summit with Mr. Menachem Begin, Israel's Prime Minister, during which Egypt formally rejected proposals for civilian self-rule for Palestinians on the West Bank and Gaza strip.

"This is great," said Mr. Sadat, "because before my visit to Jerusalem the Israelis had been describing the West Bank and the Gaza Strip as liberated Israeli lands.

"To-day the difference is not whether these lands have been liberated but is confined to whether self-rule or self-determination should be applied. This is great progress."

There had not been a confrontation with Mr. Begin at Ismailia, added the President "and war has become unthinkable. This, in itself, is also a great achievement."

But the Israelis had to understand *that withdrawal from the* territories they occupied in 1967 could not be regarded as a concession. "Those are our lands and the question is not subject to any compromise," he said.

On the question of security guarantees, Mr. Sadat was prepared *to re-evaluate everything,* provided the two basic Egyptian demands of a Palestinian state and total Israeli withdrawal were met.

He also insisted that the peace process did not depend on a single person. "Our process is one of peoples and not of leaders. The Egyptians and the Israelis have demonstrated their firm desire for peace so that if either Mr. Begin or myself leaves the scene, peoples will not change."

Neither was there any question of Egypt signing a separate peace with Israel "that would leave our other companions in the Arab world without a solution to their problems."

Therefore it was vital that the U.S. played a full role by bringing pressure to bear on Israel on the issue of a Palestinian state.

A spokesman for the Palestine Liberation Organisation in Cairo has denied that there was any truth in a newspaper article about a message sent by Mr. Yasser Arafat, PLO chairman, to members of his organisation here.

The letter, said to be in Mr. Arafat's handwriting, urged colleagues in Cairo to maintain full relations with the Egyptian authorities.

Published in the newspaper Al Gomhuria, it also reported Mr. Arafat as saying he had survived two recent attempts on his life and would be sure to be killed if he came to Cairo.

Some 10,000 armed Palestinians in southern Lebanon were also threatened with annihilation if they co-operated with Egypt, according to the letter.

A PLO representative in Cairo dismissed the newspaper report, adding that Mr. Arafat never sent communiques in his own handwriting.

Israeli Cabinet prepares its stance

By David Lennon

TEL AVIV, Jan. 3.

THE ISRAELI Cabinet met to-day in special session for a first full discussion of the tactics it will adopt at the joint Israel-Egypt political committee, which is due to meet in Jerusalem in less than two weeks.

To-day's session was classified as a "security committee," which bars the release of any details of the discussions.

However, it is understood that the Cabinet had a wide-ranging discussion which included the *future of the Jewish settlements* in the occupied territories.

Mr. Menahem Begin, the Prime Minister, said after the five-hour meeting that Israel would stand by the peace proposals which he had made to President Sadat in Ismailia on Christmas Day.

The Premier said these proposals would serve as a basis for negotiations for peace in the Middle East.

Mr. Begin called on Mr. Sadat not to ask President Jimmy Carter of the U.S. to apply pressure to Israel when the two leaders meet to-morrow. Mr. Begin said that neither party should seek to apply outside pressure when they are in the process of negotiations for an overall peace.

The Cabinet was also believed to have approved the surprise appointment of Mr. Ariel Sharon, the Agriculture Minister, as deputy leader of the Israeli delegation to the Egypt-Israel political committee.

Mr. Sharon, the champion of Jewish settlement in the occupied territories, is a hard-liner not noted for his political subtlety.

The Cabinet is also thought to have discussed a proposal to double the population of the settlement in and around the Rafiah area in Northern Sinai, which would be returned to Egypt under a peace agreement.

The Jewish Agency's settlement department has proposed that the 1,000 families living in the area be doubled, and that work proceed on the five new Jewish settlements under construction there.

The Ministry of Housing has announced that 125 plots are available for private building in Yamit, the new town under construction between Rafiah and El Arish.

India, U.S. move to agree N-safeguards

BY K. K. SHARMA

NEW DELHI, Jan. 3.

INDIA AND the U.S. are to work out safeguards for the supply of the heavy water that President Jimmy Carter offered yesterday in a major bid to close the differences between the two countries on the nuclear materials issue. Working out the agreement on the safeguards will not be easy since India is unwilling to submit to international inspection on terms that go beyond *those already agreed with the* International Atomic Energy Commission.

Although President Carter has agreed to another shipment of enriched uranium for India's nuclear plant at Tarapur, he made it clear during his three-day visit that ended to-day that further supplies would be subject to conditions now being formulated by Congress.

However, talks on this will take some time and differences on *international inspection and* safeguards for nuclear installations are not expected by either government to block a rapid improvement in Indo-U.S. relations now that President Carter has completed his reasonably successful visit to India. He has established a personal rapport with the Prime Minister, Mr. Morarji Desai, and other Indian leaders and both governments are to work out concrete proposals for economic co-operation.

President Carter has offered assistance for dealing with the river waters problems facing India, Bangladesh and Nepal and this is of considerable political importance in view of the difficulties between the sub-continental countries in reaching a long-term agreement on sharing the waters of the Ganges.

Of further political importance is President Carter's suggestion that India should use her unique position of being both a developing and industrialised *country to get the North-South* dialogue moving.

Pakistan strike death toll reaches 12

BY SIMON HENDERSON

ISLAMABAD, Jan. 3.

AT LEAST 12 people were shot dead by police yesterday in the industrial town of Multan in the Punjab during demonstrations by striking mill workers, reliable sources said to-day.

The official version of the incident issued after the clash had said five died when police opened fire on the crowd to protect *themselves. However, workers* at the textile mill claimed that between 25 and 50 were killed but that many bodies had been taken back to the homes in villages outside the town.

The provincial martial law administrator has ordered an inquiry into the incident and, as if admitting that the police may have been at fault, has awarded Rs.10,000 (about $1,000) as compensation to the family of victims.

Three thousand women and children held a procession in the town to-day before being assured by a senior army officer that there would be a full investigation.

Trouble had started when *workers at the mill had refused* to end a strike and go back to work. They had been claiming a bonus and were offered about half the demanded amount. The official version of the incident said that a demonstration started and police who tried to control it were pelted with bricks and stones. Eight policemen were reported injured, two seriously.

Woods flies to Botswana

MASERU, LESOTHO, Jan. 3.

NEWSPAPER EDITOR Mr. Donald Woods, who fled South Africa to escape a banning order, left by aircraft to-day for Botswana on his way to London.

Mr. Woods and his family took *off in a Lesotho Airways aircraft* accompanied by a senior Lesotho Government official.

The family had been waiting since yesterday for a break in the cloud and drizzle over Lesotho so they could start on the first stage of their journey to Britain, *where they have been promised* asylum.

Mr. and Mrs. Woods and their five children are expected to stay in Botswana overnight, and then go on to Lusaka to-morrow. From Lusaka, they are expected to go to London on Thursday.

Mr. Woods, 43, Editor of the East London Daily Dispatch and an uncompromising opponent of South Africa's National Party, was placed under a five-year banning order last October.

He hitch-hiked to Maseru last week and was promptly promised asylum by Britain.

Mr. Woods has said he will not return to South Africa until the National Party Government is removed or changes its policies.

His first task in exile, he said, will be to finish an almost completed book on Steve Biko, the black leader who was a personal friend. Mr. Biko's death in a South African prison cell last September aroused considerable protests.

Reuter

ON OTHER PAGES

Gandhi expelled from Congress

BY K. K. SHARMA

NEW DELHI, Jan. 3.

MRS. INDIRA GANDHI and her followers were to-day expelled from the Congress Party by its executive, headed by Mr. K. Brahmananda Reddy. With this move, a squabble for the legal right to the organisation's assets and rights has begun.

Both the party led by Mr. Reddy and that by Mrs. Gandhi are claiming to be the "real Congress." Both have pressed this claim before the Election Commission and the party's bankers.

This heralds the disintegration of the national organisation which has dominated Indian politics for nearly a century. Ironically, the disunited party celebrated its 93rd birthday just 10 days ago, even though all its leaders were involved in a bitter factional feud that is certain to spread to all the 22 states in the country.

Mrs. Gandhi's ostensible reason for splitting the party is that the Congress—or the "real Congress" as she describes it—is needed to combat the reactionary policies of the Janata Government which the organisation's elected leaders had failed to do.

She *has spoken of the need* to fight for socialism, democracy, rights of the minorities and the backward communities very much as though she were preparing for an election.

However, it is known that she had sought in vain for the Con*gress Party to take up her cause* in the face of mounting evidence of corruption and gross abuse of power by her followers and controversial son, Sanjay, now coming to light at hearings of three Commissions of Inquiry into aspects of Mrs. Gandhi's emergency rule.

At her instance, the Congress directed its members not to give evidence before the Commissions. But many defied this order.

Mrs. Gandhi has been summoned to appear before the main Shah Commission inquiring into "excesses" committed during the emergency and is due to appear as a witness from next Monday. She thus urgently needed a national platform to take up her cause. By splitting the Congress she is trying to give publicity to the charges against her.

If and when she appears before the Commission, it will be as the president of the Congress. She apparently is unconcerned about the possibility that she will be permanently destroying the Congress.

While the tussle for the Congress Party label progresses, various factions of the also disunited Janata Party are watching the developments with interest, especially those who once belonged to the Congress and are now unhappy in the company of people with which they are ideologically incompatible.

Mrs. Gandhi cannot hope to win them over to her side but there is a distinct possibility that there will be agreement with the Reddy group. In that event, a realignment of politics will take place and jeopardise the future of the Janata Party.

Much time will elapse, however, while the jostling for position continues and a definite trend is discernible.

But speculation is rife on the innumerable possibilities ahead.

Cambodia rejects Vietnam's talks bid

By Our Foreign Staff

THE possibility of an early solution to the border dispute between Vietnam and Cambodia receded yesterday when Cambodia rejected the suggestion, made twice by Vietnam in the past few days, that the matter be resolved through negotiation.

A report from Phnom Penh radio stated that no negotiations could take place until all Vietnamese forces withdrew from Cambodia. The alleged Vietnamese incursion provided the ostensible pretext for Phnom Penh's temporary break-off of relations with Hanoi at the end of last week.

The Cambodian embassy in Peking told Reuters yesterday that the "invasion" was continuing and had met with "vehement counter-attacks from the Cambodian army" which had put the Vietnamese in "a difficult position." There was no reply from the Vietnamese embassy.

The Cambodian statements mark another development in the war of words which is the main manifestation outside Indo-China of the reported fighting in the Svaey Rieng and Takeo provinces of Cambodia. The dispute has taken the form of armed clashes over the past few months. Traditionally there has been a strong antipathy between the two countries.

Some observers see the issue as a reflection of Cambodia's assertion of its self-determination since the end of the war in 1975, and of Vietnamese irritation at alleged Cambodian incursions in its own territory earlier this year which, the Vietnamese say, resulted in atrocities against the local population. Vietnam said at the week-end that Cambodia was "solely responsible" for the latest flare-up.

But the dangers of involvement by the USSR and the Chinese People's Republic are not discounted. Reports in the USSR tend to emphasise Cambodia's tie with China, and Vietnam's suspicions of China's ambitions in South East Asia have grown recently. No official statement has yet *emerged from Peking.*

Strauss expected to visit Tokyo

MR. ROBERT STRAUSS, U.S. special trade representative, is likely to visit Japan this month for talks with Prime Minister Takeo Fukuda, the Foreign Ministry said, Reuter reports from Tokyo. But Mr. Kensuke Yanagiya, director of the Ministry's information bureau, commenting on a report in the Yomiuri Shimbun newspaper that Mr. Strauss and his deputy, Mr. Alan Wolff, would arrive here on January 11 and meet Mr. Fukuda on January 13, said a date had not been fixed. Mr. Wolff said in an interview with the Japanese daily Sankei Shimbun that both he and Mr. Strauss intended to visit Tokyo if further trade talks were likely to produce positive results.

Burma elections first returns

BURMESE President Ne Win, Council of State Secretary Gen. San Yu and Prime Minister Maung Maung Kha retained their seats in the People's Assembly as the first returns of the Burmese general elections were announced in Rangoon yesterday, reports AP-DJ.

Elections for the 464-seat national legislative body and for 178,175 seats on nationwide Peoples Councils at various administrative levels began on January 1 and will continue until January 15.

Chinese debate 'expatriates'

THE MILLIONS of Chinese living in other countries have much to offer their motherland and officials dealing with their affairs should tap this force, a conference in Peking has decided, reports Reuter. The New China News Agency (NCNA) said yesterday that a preparatory meeting for a national conference on overseas Chinese affairs—for which no date was given—was held here at the end of December and laid down guidelines on how officials should deal with these "relatives." About 20m. People of Chinese origin are estimated to live outside China and Taiwan, mainly in south-east Asia, and Peking's policy on their status was defined by deputy Premier Teng Hsiao-Ping when he said in September that they should become citizens of the countries in which they live.

Oil company warned

The U.S. State Department has allegedly warned the Neptune Oil Company, which is developing the offshore field at A-Tur, on the Eastern shore of the Gulf of Suez, that it may have to cease operations, L. Daniel reports from Tel Aviv. The company represents a group of American investors, who were issued a licence by the Israeli government. No date was mentioned. The warning was issued because if a peace agreement is reached with Egypt, the area will be returned to Egyptian control.

Jumbo jet crash

The Indian navy yesterday ordered its oceanographic survey ship Sutlej into shallow, muddy waters off Bombay to search for the wreckage of the Air India Jumbo jet which crashed on Sunday, killing all 213 persons aboard, UPI reports from Bombay.

WORLD TRADE NEWS

$8m. credit line for Portugal

THE EXPORT Credits Guarantee Department has guaranteed a $8m. line of credit which N. M. Rothschild has made available to Sociedade Financeira Portuguesa EP, Portugal.

The loan will enable Portuguese buyers to place orders in the U.K. for capital plant and equipment. U.K. suppliers will, as usual, receive 85 per cent. of the contract value from the loan, with the remaining 15 per cent. payable from the buyer's own resources.

'Flotel' order

Götaverken, the Gothenburg subsidiary of Svenska Varv, the new state shipbuilding company, has received an order for a second Kr.125m. (£14.2m.) floating hotel from Consafe Offshore, William Dullforce writes from Stockholm. The new "flotel," like the first which is due for delivery in July, will be built at the company's City yard. It will have accommodation for 600 offshore workers and is intended for use in the North Sea.

New satellite

The fifth of the six bigger communications satellites planned by the International Telecommunications Satellite Organisation (Intelsat), called the Intelsat IV-As, is due to be launched later this week from Cape Canaveral, Florida, Michael Donne writes.

This satellite, with a capacity of 6,000 voice-circuits plus two TV channels, will begin operations in mid-1978 and will provide telephone and video communications links between 43 countries in the Indian Ocean region.

Yugoslav bank

Yugoslavia plans to establish an export bank "to promote Yugoslav economic ties with the rest of the world," according to the Yugoslav News Agency, Tanjug. It said the new bank would underwrite export transactions, offer credits for exports of equipment and ships and invest in export-oriented projects in Yugoslavia.

French group wins part of $2.4bn. Iran gas pipeline

BY ANDREW WHITLEY

TEHRAN, Jan. 3.

THE NATIONAL Iranian Gas Company has signed a letter of intent for a French-led consortium to build a 300 km section of the second gas trunkline to the Soviet Union. It is part of an overall pipeline project which will cost around $2.4bn.

The consortium, led by Spie-Capag and including Poland's Energopol and a local company, are to build number three section of the line, running from compressor station three about 50 km from Isfahan, to a point near Saveh, south-east of Tehran.

No financial details are available, but the 56-inch diameter pipeline is claimed to be the largest in the world, running from the Kangan gas fields on the Gulf coast to Astara on the Russian border.

The Spie-Capag award completes the preliminary contracts for the line. The two southernmost sections, totalling 632 km, were given to a consortium headed by Italy's SAIPEM last month. Negotiations are thought to be still continuing with the Russians for the northernmost section of some 500 km, but only the terms are at stake.

Western companies tendering for the three southern sections were told to put in bids for the whole job, but it became known that Iran wanted to divide the work up.

The biggest surprise is that out of the eight companies declared eligible to bid, the five American contenders were considered to be strong favourites, but have had no success.

Spie-Capag, which is heading the Isfahan to Saveh consortium, is itself a consortium of Spie-Batignolles and Capag-Cetra of France. The same consortium recently won a $60m. contract for a 16-inch pipeline from Isfahan to Kerman, via Yazd.

The National Iranian Oil Company, the parent of NIGC, is to provide all the pipe and is understood to have already met all its requirements. A new Iranian pipe mill which started up last year is producing 48-inch pipe for some of the line.

Design work is being done by a consortium of Snam Progetti of Italy and Sofregaz of France, while Williams Brothers of the United States and IMEG—an Iranian registered company with British interests—has been put in charge of the project management and the procurement of materials.

The Soviet Union is expected to provide most of the compressor stations under a gas barter deal still being worked out.

Rotterdam port traffic fall

BY CHARLES BATCHELOR

AMSTERDAM, Jan. 3.

DELAYS OVER deepening the approaches to Rotterdam's oil harbour are costing the port traffic and contributed to a fall in the total tonnage handled in 1977. A fall in the volume of crude oil and mineral ores handled by the port led to a 4 per cent. decline in total tonnage handled to 272m. tons last year, the Rotterdam Alderman with responsibility for the port, Mr. Henk van Der Pols, said in his New Year message.

The volume of crude oil handled fell 7 per cent. to 138m. tons, although it still accounted for more than half of total port tonnage. But trans-shipments of oil from large tankers to smaller vessels for distribution throughout Western Europe fell by 25 per cent., Mr. van Der Pols said. Rotterdam is losing crude oil business to other ports because it has not yet deepened the approaches to its oil installations to accommodate tankers drawing up to 72 feet. It can now handle vessels up to 68 feet.

The municipal authorities are currently negotiating with the government over a State contribution to the dredging work. But last year's long delayed Cabinet formation held up negotiations, while the fact that Rotterdam met all the costs of the previous deepening in 1967 is making it more difficult to get State aid this time round.

Increased North Sea oil production also reduced oil trans-shipments. Ore handled by the port fell for the second successive year—by 12 per cent. to 29m. tons—due to the world iron and steel industry recession. Grain and derivatives traffic rose however by 5 per cent. to 21m. tons while coal traffic rose 16 per cent. to 8.1m. tons.

The net registered tonnage of ships docking at the port fell for the first time since the end of the second World War. Shipping tonnage was down 1.3 per cent. to 181m. tons.

Italy in talks on exports ban

By Paul Betts

ROME, Jan. 3.

THE Italian Foreign Ministry said to-day it expected the controversy concerning a ban by Iran on certain Italian products to be resolved in the next few weeks. Until to-day, the Italian Foreign Ministry had received no official details of the ban from the Iranian authorities. After meetings between the Secretary General of the Italian Foreign Office and the Iranian Ambassador here, the controversy is now likely to be resolved.

Cement plant

Creusot-Loire said its subsidiary Creusot-Loire Entreprises has received a Frs.350m. order from the Venezuelan company Cimentos Catatumbo to build a cement plant capable of producing 1,800 tonnes a day at El Rosario, south-west of Maracaibo.

Minimum on shipping to Jeddah

By Ian Hargreaves, Shipping Correspondent

CONTAINER shipping lines serving the overtonnaged U.K.-Jeddah service are to enforce a minimum price for their services in an attempt to prevent any further downward drift of rates.

In a development which could have implications for a number of Europe-Midle East routes, ten lines sailing U.K.-Jeddah will enforce a standard minimum from to-day.

The lines involved are the three long-standing operators to Jeddah, Blue Funnel, Cunard and P & O, along with seven container carriers who have come in since the re-opening of the Suez Canal in 1975 increased the volume of cargo available on the route from about 1,500 tons a month to 30,000 tons.

Since 1975, it is estimated that container carrying capacity has been multiplied 10 or 15 times and it is this fact which in the past year has led to overcapacity and a 25 per cent. slump in rates.

Shipping conferences, the usual regulatory medium in the face of rate-cutting, have failed to effectively control charges during this period of expansion and to-day's announcement is made independently of the U.K.-Jeddah conference of which Blue Funnel, Cunard and P & O are the only members.

A meeting is planned later this month of Europe-Jeddah container shipping lines and a similar course of action will be debated.

ASEAN members in move to set up common market system

BY WONG SULONG

KUALA LUMPUR Jan. 3

THE five-member Association of South-East Asian Nations (ASEAN) has taken the first step towards its long-term goal of an ASEAN common market when it launched its preferential trading arrangement scheme which became effective on Sunday.

A list of 71 items, with an annual import turnover of U.S.$500m. will come under the preferential trading scheme in Indonesia, Malaysia, Singapore, Thailand and the Philippines. The items include rice, sugar, crude oil, cement, animal products and chemicals.

The preferential trading arrangement was agreed by the ASEAN heads of Government at their summit in Bali in February last year, and details were hammered out during several Ministerial meetings since.

Under the scheme, ASEAN members would accord priority to buying or selling their products to each other, at preferential rates, during emergencies such as a glut or a shortage.

Originally, Singapore, backed by the Philippines and Thailand, had tried to push for a much wider range of products under the scheme, but this was resisted by Indonesia which feels that its industries are not in a position to compete with its neighbours.

At the second ASEAN summit in Kuala Lumpur last August, Singapore's Prime Minister, Mr. Lee Kuan Yew, had grudgingly acceded to President Suharto's demand that ASEAN must move in concert.

Indonesian sentiment on this was supported by Malaysia's Finance Minister, Mr. Tengku Razaleigh, who told the Singapore Harvard Club recently that ASEAN members must work within a family framework, and if any member tried to steal a march on the others, it would be bound to create illwill in the group.

As an additional safeguard for Indonesia, ASEAN manufactured products entering the Indonesian market must have no more than 40 per cent. foreign content under the preferential trading scheme.

In the case of other ASEAN markets, products with up to 50 per cent. foreign content are covered by the scheme.

Swiss in talks on steel

BY JOHN WICKS

ZURICH, Jan. 3.

SWITZERLAND is holding consultations with the European Coal and Steel Community with regard to measures introduced within the EEC to protect the area's steel industry. The new system is seen as disadvantageous to Switzerland, which has a free-trade agreement with the European Community.

These representations follow Swiss complaints to Brussels and to the Italian Government with regard to Italian hindrances to imports of textiles from Switzerland. This Swiss move met with success in late December when Rome authorities simplified the import procedures in question.

Apart from these two problems, the free-trade agreement is working satisfactorily, according to Dr. Franz Blankart, head of the Swiss Government's Integration Bureau. Despite the loss of customs duties involved, the complete removal of duties on trade in industrial goods between Switzerland and the EEC on July 1 last had been an advantage for the Swiss in a period of recession, said Dr. Blankart.

The danger of a decline into protectionism would have been much greater without free-trade agreements between the European Community and individual EFTA members. He indicated that Switzerland would work towards extending free-trade arrangements to non-EFTA countries which wished to join the EEC.

● The South African steel price is to be increased on average R31 a tonne, effective immediately, a notice in the Government gazette said, Reuter reports from Pretoria. The price for profile products is raised 9.5 per cent. and flat products 13.5 per cent.

ARGENTINA TO-DAY

Investors waiting in the wings

BY MARGARET HUGHES, RECENTLY IN BUENOS AIRES

ONE OF the first laws to be re-drafted by the Argentine military Government when it took over in March 1976 was the Foreign Investments Law, aimed at reversing the previous Government's positively hostile attitude to foreign investors.

It is designed to help the Government's stated policy of transferring industry from the loss-making public sector, which had been largely responsible for bringing the country to near-bankruptcy, to the private sector—providing jobs for a Government committed to full employment. Foreign investment would bring in the necessary finance, as well as the technology and know-how which Argentina needs if it is to become industrially viable. In particular its role was considered vital for the exploitation and development of Argentina's abundant natural resources.

Thus the new law, finally introduced in March of last year, is far more liberal than its 1974 predecessor — generally regarded as an anti-investment law and borne out by the fact that no new investment took place under it. Essentially the new law gives foreign companies the same rights and obligations as Argentine ones. Most sectors of industry are now being opened up to foreign investment.

The new law has yet to be put to the test for this Government has been only marginally successful in attracting foreign investment. This is not surprising, given that direct investment is a far riskier proposition than foreign financing. The latter the Government has attracted to the extent that it now claims to have "a flood of short-term foreign finance" which has enabled it to extend the terms of its international borrowings.

On the investment side the picture is bleaker—even on the domestic front. Talking to businessmen in Argentina one is told over and over again that industry is just entering a very real period of recession, which even the most optimistic expect to last for at least six months. The forecast recession is different from those which Argentinians have grown used to (and which the Government considers it is now emerging from) in that it is not simply the direct result of high inflation.

Under the new economic policy Argentine industry is grappling for the first time in some 30 years with the realities of a free market economy, no longer protected by import duties and subsidised finance. Price ceilings may have been lifted but this has been offset by a sharp reduction in purchasing power.

It is inevitable that the Government's economic policy will produce a shake-out of industry. In a sense it is designed to do just that by producing a private sector in which only the profitable and competitive will survive. Under these circumstances it is not surprising that foreign companies prefer to wait until the business climate improves before venturing in themselves.

However, interest is being shown by companies from the U.S., Europe and Japan, but it will be some time before this is translated into actual investment. Also given Argentina's stormy political past, with a rapid succession of governments, outsiders are waiting to assess this present regime's staying power, both in terms of sustaining the economic recovery and in maintaining political stability.

Since the new law was introduced foreign investment has totalled only some $250m., of which half represents reinvestment of profits by companies already in Argentina. The rest is new investment, but this again is almost entirely by existing companies. New investment by companies new to Argentina amounts to between $10m. and $15m. by two or three U.S. companies.

Sen. Federico Dumas, secretary for foreign investments within the Ministry of Economy regards the performance so far as "quite satisfactory" and expects a "substantial improvement" this year. As Sen. Dumas so rightly puts it, "Argentina has been out of the world map for the past six to seven years" and it "takes time to re-establish confidence."

Much clearly depends on the Government's success on the economic front. Its achievements so far have been impressive and it is confident of bringing down inflation to below the 100 per cent. level this year, and to more normal levels in 1979—in Argentine terms that's double digits. Others are less optimistic, pointing out that the fall in inflation has been erratic.

This has prompted calls for drastic measures in place of the current gradualist approach. In particular there is a need for the Government to start practising in earnest what it has long been preaching and tackle the cause rather than the effect of hyper-inflation by cutting back on the public sector, though this would create unemployment.

But having left it so long President Videla's Government will not now be able to do so without creating tension both within and without the military some of whom believe that "one more jobless is one more guerilla." Clearly its political life is closely tied to its performance on the economic front. Its achievements so far, despite their high costs in human and social terms, have kept down criticism. But there are already signs of dissatisfaction as the claimed benefits of an improved economy take too long to materialise.

It seems certain that the Government will not be able significantly to reduce the fund-draining public sector without abandoning its full employment policy. It will have to lay off large numbers of workers which private industry, convinced it is in recession, will be unable to absorb, particularly unskilled labour.

This would trigger off labour unrest, already threatened as the prospects of lay-offs aggravate the growing dissatisfaction with the heavy fall in real wages of between 17 and 40 per cent.

Labour and political unrest has so far been contained by drastic security measures. There seems far less concern about foreign opinion on this front than on the economic side—yet the two are linked.

To an extent the Government has had little materially to worry about. The current tight security has created a far happier and stable environment for the businessman, so often the target of guerilla activity, and is unlikely to deter investors in the short term.

But such repression can only produce a backlash which may not always be contained. There may seem no obvious alternative to the military but the existence of a system which is bent on eliminating all opposition is sufficient to make the future very unpredictable.

Potential investors might do well to remember the words of Dr. Martinez de Hoz, the Economics Minister, when announcing the need for a new foreign investment law. "The materialisation of new investments too," he said, "will depend fundamentally on political stability, juridical and personal safety and economic stability."

HOME NEWS

LORD BALOGH
"Fantastic progress"

Cabinet seeks successor to Balogh

By Ray Dafter, Energy Correspondent

THE GOVERNMENT is seeking a new deputy chairman for the British National Oil Corporation following the retirement of Lord Balogh.

Lord Balogh, aged 72, is staying with the corporation as economic adviser, a position he held in the Cabinet Office during the 1960s. He said yesterday that he expected to continue working three or four days a week on Corporation business.

He has been its deputy chairman since its inception two years ago. He had previously been Minister of State for Energy at a time when the Government was formulating its North Sea policies.

Successor

Lord Balogh said that although the corporation was still a fledgling body, it had made a major contribution to the North Sea industry and British economy generally. "It has made fantastic progress."

There will be considerable industry interest in the appointment of his successor.

The appointment, which is not thought to be imminent, will be considered by Mr. Anthony Wedgwood Benn, Energy Secretary, and other members of the Cabinet.

Men and Matters, Page 12

Cuts in instant coffee intensify price war

BY DAVID CHURCHILL

THE HIGH Street coffee war intensified yesterday when both Nestles and General Foods, the leading processors of instant coffee, announced substantial cuts in the retail price of their main brands.

Safeways and Sainsbury's immediately announced cuts from to-day, and other supermarkets are expected to follow suit from Monday.

Nestle's decided to reduce the retail price of a 4 oz jar of Nescafe by 28p, to £1.09p, and to make similar cuts for Gold Blend, Blend 37, and Fine Blend brands.

General Foods will reduce the selling price of its Maxwell House and Bird's instant coffee brands by over 20 per cent. from Monday, which will mean cuts of about 30p on a 4 oz. jar in the supermarkets. The company expects the retail price to be below 1.10p.

Last week another major processor, Brooke Bond Oxo, announced a 15p cut in its coffee powder, Brazilian Blend.

Price cutting by the leading processors follows a sharp drop in world coffee prices, competition from cheaper imported blends, and shoppers' resistance to high prices.

Last April, a tonne of coffee on the commodity market cost £4,400. The price has now fallen to between £1,700 and £1,800.

General Foods said yesterday that while it still had stocks of higher-priced beans, it had decided, in spite of severe cost penalties, to join in the general price reductions.

Nestle's said that world prices of coffee had fallen faster than expected, and new coffee-type products had not done as well as expected.

The company is looking to a revival in sales in the well established instant-coffee market after the price cuts.

That market is worth about £200m. a year in Britain, but the volume of sales is estimated to have fallen by between 21 and 30 per cent. in little more than a year.

Inflation fears may reduce scope for Budget stimulus

BY MICHAEL BLANDEN

THE ARGUMENTS for the Government to give only a modest stimulus to the economy in the spring Budget seem to be gaining strength, it is argued by stockbrokers de Zoete and Bevan in their latest economic commentary.

They argue that signs of a revival in domestic demand are mounting. They include a rise in real average earnings in October, the first for four months; an increase in the share of gross domestic product taken by profits net of stock appreciation: and the growth of money supply at a rate well above the level of inflation in the last few months.

Although demand for U.K. exports is falling away, the commentary argues that gross domestic product should rise by at least its long-term growth rate of 2½ per cent. this year.

The increase in demand will come mainly from personal consumption, private house-building and corporate stock-building.

Pay doubts

Coupled with the Government's direct measures on employment, the expected growth rate should ensure that unemployment falls by the end of the year.

Against this background, the brokers say, "it is difficult to believe that further reflationary measures are necessary, particularly if recent monetary growth rates are continued into the New Year and wage increases approach 15 per cent. rather than the 10 per cent. guideline."

The increase in the rate of monetary expansion "has more than offset the squeeze experienced in the first half of 1977 and now threatens to fuel an upturn in inflation rates later this year."

In a year-end review of the economy and the gilt-edged market stockbrokers Montagu, Loebl, Stanley take an optimistic view of the outlook for gilt-edged securities.

They predict that even though there will be pressure on short-term interest rates, with a possible lift in minimum lending rate (MLR) to 10 per cent. by the third quarter, there is scope for a 10 to 20 per cent. rise in long gilt-edged prices.

"We would consequently be fairly optimistic about a bull market in long gilts for the first few months of 1978," the brokers say.

Property group attacks Government decision

BY JOHN BRENNAN, PROPERTY CORRESPONDENT

THE British Property Federation yesterday attacked the Government's decision to withdraw simplifying amendments to the planning laws.

Sir Eugene Melville, the Federation's director general, "greatly regrets" the decision to drop proposals which were expected to cut the 450,000 annual applications for planning permission by between 10 and 20 per cent.

Mr. Peter Shore, the Environment Secretary, had proposed alterations to the planning laws that would have exempted most private householders. He was to have increased the scale and range of home alterations falling outside the scope of the existing law.

Householders were to have been freed from planning controls if home additions added no more than 15 per cent. additional space and in cases where they decided to sub-divide houses into two flats.

The Secretary of State's amendment also proposed that industrial property owners would be allowed to increase factory and warehouse space by up to 20 per cent. before being required to submit proposals to local planning authorities.

These, and other relaxations of the rules, came in for Parliamentary criticism from the conservation lobby and, on December 14 Mr. Shore withdrew his proposals.

The Department of the Environment now proposes to reconsider relaxations of planning controls when Parliament has discussed last summer's report on the law by the Expenditure Committee.

In the meantime, the Property Federation is calling for "a new attitude among planning authorities towards prospective developers" and an end to planning delays that are "unnecessary and unacceptable, particularly in times of high unemployment and inflation."

Europe Bill safeguard puzzle

By Ivor Owen, Parliamentary Staff

PARLIAMENTARY draughtsmen have encountered difficulties in trying to produce an acceptable form of words to strengthen the new legislative safeguard promised by the Government to ensure that the European Assembly is not able to increase its powers without the prior approval of the British Parliament.

The safeguard is to be embodied in a new clause to the European Assembly Elections Bill and Ministers are hoping to be able to publish its terms next week.

MPs are due to have a further debate next Thursday on the committee stage of the Bill, but not on the new clause.

The Government has already been criticised over the delay in announcing the terms of the new clause, which was first promised by Dr. David Owen, the Foreign and Commonwealth Secretary, more than a month ago.

Initially, he gave an undertaking that the new legislative safeguard would ensure that no extension of the powers of the European Assembly, which would encroach on the legislative powers of the British Parliament, could be agreed by the Government without an authorising Act of Parliament.

But this did not go far enough to satisfy some MPs who want the main emphasis of the new safeguard to be on the extension of the European Assembly's powers rather than on the diminution of the powers of the British Parliament.

Strathearn £1m. plan considered

By Giles Merritt

Mr. Don Concannon, the Northern Ireland Minister of State responsible for industrial affairs, is studying a £1m. emergency rescue plan that would enable the State-owned Strathearn audio hi-fi manufacturer to remain in business.

The plan, which involves streamlining Strathearn's product range and a two-thirds reduction of the company's 320-strong workforce, was put to Mr. Concannon yesterday at a meeting called to discuss the future of the loss-making concern.

It is understood that Strathearn's proposals for a scaling down of its operations and the injection of further public funds totalling £1m. is to be scrutinised by officials during Mr. Concannon's absence on a one-week investment-raising tour of the U.S. which begins to-day. Mr. Concannon's decision will be announced when he returns to Belfast next week.

Since its launch in 1974 Strathearn has cost almost £8m.

A windswept Mr. Callaghan leaving London yesterday at the start of his ten-day official visit to Bangladesh, India and Pakistan—the first by a Labour Prime Minister.

Mr. Callaghan flew from Heathrow aboard an RAF VC10 for Dacca, where he will hold talks with President Zia Ur-Rahman for two days.

The Prime Minister will then visit India for six days to meet the new Prime Minister, Mr. Morarji Desai, in his home state of Gujerat for talks. Mr. Callaghan will also meet Mrs. Gandhi, the former prime minister.

The tour ends in Pakistan where Mr. Callaghan will hold two days talks with General Zia Ul-Aq.

In his talks with Mr. Desai, Mr. Callaghan will discuss nuclear non-proliferation, which caused differences between Mr. Desai and President Carter at the weekend. The two Prime Ministers will also talks about British aid schemes.

Law Society criticises company reports plan

BY MICHAEL LAFFERTY

THE Law Society has sharply criticised some of the main proposals in the Department of Trade's Green Paper on the future of company reports.

"In particular, we deprecate the proposal that the existing powers under the Companies Act 1948 should be extended so as to cover the contents of the directors' report and the methods of accounting as well as the contents of accounts, 'so that the Government may by Order alter or extend the form and content of any part of company reports and accounts,'" the Society states.

The other aspect of the Green Paper which comes under attack is the Government's proposal that certain matters should be left to be worked out in accounting standards by the Accounting Standards Committee.

This, the Law Society describes as "profoundly unsatisfactory. In the first place, it is tantamount to conferring the force of law on accounting standards. In the second place, it ignores the fact that there are many interests besides those of the accountancy profession which have a legitimate concern about the form and content of company reports and accounts."

The Law Society tells the Trade Department that matters to be dealt with in the directors' reports and accounts should be fully defined in statute.

The Society thinks that, to take account of the various interests which have a legitimate concern about the form and content of directors' reports and accounts, the Secretary of State should establish an advisory panel on which all the main interests would be represented and to which representations could be made.

Price rises allowed

THE PRICE Commission yesterday allowed Tate and Lyle Refineries to increase prices for a range of sugar and syrup products by just over 2 per cent. even though the Commission is still investigating the company's claim for price rises.

The rises have been allowed because Tate and Lyle was able to prove that, under the safeguard regulations, failure to allow price increases would have have reduced profitability below a certain level.

Unions help Breeden to shed workers

CLOSE CO-OPERATION between management and trade unions has enabled Wilmot Breeden (Holdings), the car components company, to cut its workforce to 2,800, compared with 5,000 in 1972.

More than 1,000 jobs have been phased out in a major reorganisation which began in 1974, of the Birmingham factories which also make hydraulic and electronic products.

There were no compulsory redundancies and the company offered improved terms to those opting to leave. There was no serious dispute with the unions.

Total factory space has been reduced by more than 40 per cent. in moves which include the closure of the Farringdon Works in Kings Road, Tyseley, Birmingham.

Mr. John Given, managing director, said that in 1974, with inflation running at 20 per cent., the company had three choices: To reduce current assets; to make a minimum margin of 15 per cent.; or to go bust.

He said: "I believe most people really understand that fixed costs were so high that some redundancy was the only alternative to no jobs for anyone. Short-time working would not have worked.

'Fine job'

"We were quite frank with the shop stewards, and they did a fine job in helping us to communicate with their fellow-workers."

Two relocation committees composed of management and union representatives have met regularly over the past two years to implement the changes.

Wilmot Breeden points out that productivity advances have been achieved during the reorganisation and that present capacity is "very adequate" to meet the normal cycles of the motor industry.

As part of the reconstruction the motor industry activities have been split between two companies.

W. B. Bumpers will operate the remaining Tyseley factories as a direct subsidiary of the parent company.

The original car components company, Wilmot Breeden, will be responsible for the Stirchley, Birmingham, factory which has been modernised and extended at a cost of £1.5m.

Appointments, Page 7

City lawyer inquiry

CRITICISMS of prominent City lawyer Mr. Eric Levine in the Department of Trade report on Mr. John Stonehouse's London Capital Group will be considered by the Law Society's Professional Practices Committee this month, the Law Society said yesterday.

Sterling rise will hit exports

BY KEITH LEWIS

INDUSTRY'S finance directors returned to their desks yesterday faced with trying to gauge the effect on their businesses of the latest jump in the value of sterling against the dollar.

Many of our bigger exporters, who had grown more accustomed to the roles between the two currencies being reversed and had switched to invoicing their overseas customers in dollars, will now be forced to re-think.

De La Rue, for example, has already returned to invoicing customers in sterling.

Most of the companies affected are agreed about a number of factors.

First, that it would be quite wrong to consider the relationship between the dollar and sterling in isolation; in other words, consider the movement of sterling against the other major currencies, which has been much less dramatic.

Secondly, the impact will vary enormously not only between countries but between products, some of which may well contain imported (and correspondingly cheaper) materials.

There is little doubt that, in general, the rise in the value of sterling will make our exports less competitive. Whether that has serious consequences or not varies a great deal.

Some would argue that delivery and quality are of more importance than the price of the goods.

Rolls-Royce appears to be one of the worst hit. It distributes its motor cars in North America through a U.S. subsidiary.

The U.K. end bills the subsidiary in sterling so that now, when the money is repaid, it is going to take a lot more dollars.

This will reduce profit and, as Rolls-Royce points out, the American buyer of one of its cars will have to absorb the amount of U.K. inflation that has gone into the price as well as rising sterling.

Whether the discerning American is likely to fuss over a few more dollars on such a large overall outlay will put the delivery/quality versus price theory to the test.

Other horrors for industry could show up in long-term contracts, though in many cases there will be break clauses to cover such contingencies built into the agreement. If they have omitted to include such a clause then presumably there is a lesson in it for the future.

For some companies the position is far from clear since, unlike the example of Rolls-Royce, there is often a multiplicity of products going to a host of countries in different currencies.

Foseco Minsep receives 90 per cent. of its business from overseas, but exports very little. The business has been structured on the lines of local manufacturing companies, raising local money for funding requirements.

As regards the balance-sheet, that roughly means that liabilities and assets, when converted into sterling, move in the same direction. So the overall picture for this particular company will not change significantly.

The trend in sterling since the flotation in autumn is likely to give rise to a number of complaints from industry. For example, the restrictions imposed on U.K. companies on overseas investments are likely to come under attack.

Exporters will not be able to add as much to their prices when the next round comes along because of the competitive position. And those operating solely in this country will be faced with keener imports.

OBITUARIES

Sir Alan Walker

SIR ALAN WALKER, who played a major role in shaping Britain's brewing industry, died suddenly yesterday, aged 68, at the Midland Bank's head office.

He retired two years ago as chairman and chief executive of Bass Charrington, the U.K.'s biggest brewer of beer, and became president.

Soon he became chairman of Thomas Cook, the travel and banking concern which is a subsidiary of Midland Bank, where he was a deputy chairman. He was also director of Eagle Star Assurance.

Sir Alan, knighted in 1975, spent much of his early career travelling. For four years he was chairman of the Federation of Chambers of Commerce.

In 1953 he was appointed joint managing director of United Molasses, which later became a subsidiary of Tate and Lyle. A policy dispute led to his departure in 1956, and he joined Mitchells and Butlers, the Midlands brewing group, to sort out its problems.

Mr. Derek Palmar, who succeeded Sir Alan at Bass, said last night: "The success of the merger with Charrington United Breweries was due to his outstanding ability in integrating the constituent parts of the two large groups.

Richard Carr

MR. RICHARD CARR, chairman of Associated Biscuit Manufacturers, the parent company of Associated Biscuits, has died at the age of 58.

The great grandson of John Carr who acquired a controlling interest in Peek Frean (now one of the main subsidiaries of the group) in the 1860s, Mr. Carr was closely involved in the Peek Frean development in Canada.

In the 1939/45 war he won MC and the MBE (Military). He leaves a widow and two sons.

HOME NEWS

Textile employers press Ministers to keep job subsidy

BY RHYS DAVID

THE Government is coming under renewed pressure from the textile industry to extend after the end of March the temporary employment subsidy introduced in 1975 to safegaurd jobs during the recession.

Textiles, clothing and footwear have been the main sectors to benefit from the scheme, accounting for about half the total jobs on which the subsidy has been paid. Dr. Brian Smith, president of the British Textile Confederation, warned recently that factory closures could follow ending of the subsidy.

Objections

Constituent organisations within the Confederation, including the Lancashire-based British Textile Employers Association, have also made representations to the Department of Industry.

The Government considers that the subsidy has been highly successful in holding down unemployment over the past two years.

Last autumn Mr. Eric Varley, Industry Secretary, said that consideration was being given to possible successor schemes.

The alternatives now being looked at by the Department of Employment will have to meet strong objections from the EEC and from within certain sectors of industry, including some industries receiving the most help.

The EEC Commission, which has to sanction all State aid to industry, is reluctant to allow extension of the U.K. scheme on the ground that it represents distortion of competition.

There has also been some opposition to extension of the subsidy from British companies who claim it is being used in some cases to cut prices rather than save jobs.

The Employers' Association wants to see further flexibility so that companies which no longer receive assistance — £20 a week per worker for the first 12 months —could benefit.

Rail chief accused of trouble-making

BY IAN HARGREAVES, INDUSTRIAL STAFF

SHARP DISAGREEMENT with the view of Mr. Peter Parker, British Rail chairman, that petrol tax should be increased by 13 to 14p a gallon comes to-day from a transport users' association of which British Rail is a member.

The editorial in the journal of the 14,600-member Freight Transport Association says suggestion is "totally unacceptable to British industry and contrary to the overall interests of the nation."

Mr. Parker made his call for restoration of petrol taxation to January 1975 levels in a magazine interview last month, and the editorial castigates him for fuelling the road versus rail debate.

It says that last year's Transport White Paper provided the transport industries with the opportunity of uniting round a sensible middle-of-the-road policy and putting behind them the harmful propaganda warfare of misleading statements and damaging proposals.

The editorial describes Mr. Parker's remarks, in which he called for action against company cars and for heavier taxation of lorries, as a serious breach of this truce.

Mr. Parker is accused of arguing against the public interest in seeking to push up the costs of his competitors. "Pressure groups for road or rail which seek sectoral advantage to the detriment of the nation must be put firmly in their place," the editorial says.

Employers 'put on trial' at industrial tribunals

BY ERIC SHORT

UNFAIR DISMISSAL hearings at industrial tribunals have become in effect trials of employers and management, claims Commander Brian Raincock, managing director of the Employers' Protection Service.

Managers, claims Commander Raincock, are often subject to the most searching of cross-examinations by those employers seeking the hearing, especially if they are represented by trade union officials.

Tribunal chairmen bent over backwards to give employees a fair hearing, with the consequence that irrelevant and untruthful allegations very often went by unchallenged. Little attention was paid to the feelings of the employer or his managers.

The result was that employers were settling cases out of court or just not dismissing employees. The expert consultants employed by his company were being told time and time again by client companies that, despite having expert representation, they never wanted to appear before a tribunal again.

Up to now, the most frequent cases dealt with by the tribunals have been unfair dismissals, but this year Commander Raincock expects there will be many more cases involving race relations or sex discrimination.

He says that strident warnings have been given by both the Commission for Racial Equality and the National Council for Civil Liberties that they will use the legal powers to the full.

The present campaign by employers' associations and some politicians for a change in the law was quite unrealistic as well as being mildly hysterical, claims Commander Raincock.

There was a world-wide movement to give individuals increasing rights and in no way could the United Kingdom move against this tide.

Business would have to learn to conquer problems and develop practical solutions, not expect politicians with their very limited experience of business life to provide the solutions for them.

More employers were seeking expert advice and insurance against industrial tribunal awards, he said.

Companies were joining his scheme at the rate of 250 a month. Last year, the number of awards exceeding £4,000 increased by 60 per cent., and fees averaged £500 a case, so there was financial incentive to insure.

Smaller businesses need more tax cuts accountants say

FINANCIAL TIMES REPORTER

FURTHER TAX concessions would do more than any other measure to assist small businesses, the accountancy bodies have told Mr. Harold Lever, Chancellor of the Duchy of Lancaster who is inquiring into the problems of these concerns.

Concessions could also encourage the flow of capital into the sector, the accountants say. Among the tax changes recommended are:

- A single rate of VAT should be adopted. The registration threshold should be indexed and procedures simplified.
- Stock appreciation relief should not be subject to clawback on the cessation of a business.
- Free depreciation of plant and machinery should be allowed so that businesses can smooth their overall tax liability from year to year.
- The double tax charge on capital gains arising in small companies should be eliminated.
- Trading losses incurred by a new company formed and controlled by an individual who has left his former employment should be eligible for set-off against earned income derived from the last few years of his employment.

On company law reform, the accountants repeat their suggestion that there should be reclassification of the corporate sector with small companies identified as "exempt" and relieved from a number of form-filling and disclosure rules.

MR. HAROLD LEVER
Tax concessions sought

Company's political bill up

FINANCIAL TIMES REPORTER

RANKS HOVIS McDOUGALL, the food group, contributed £41,000 to political bodies in the year to last September, compared with only £6,000 in 1976 and £31,000 in 1975.

The Conservative Party received £20,000 last year, nothing in 1976 and £25,000 in 1975.

The other payments making up the 1977 total include £5,000 to the Conservative Action for Electoral Reform, £7,500 to the Economic League, £7,500 to Aims for Freedom and Enterprise and £1,000 to Common Cause.

Powell discounts early increase of Ulster MPs

BY RUPERT CORNWELL, LOBBY STAFF

THE INCREASE in Commons representation for Ulster now under examination by a Speaker's conference at Westminster is almost certainly impossible until the general election after next, Mr. Enoch Powell, Ulster Unionist MP for South Down, acknowledged in a speech last night.

He was speaking in his constituency and called for the fragmented Unionists to work their hardest to secure as many of the Province's existing 12 seats at the election which is expected later this year.

Mr. Powell pointed to the achievements of himself and his five colleagues taking the Unionist whip. "But there is a limit to what six men, even in the most favourable circumstances, can do.

"I am under-estimating when I say that with just another three in our group, we should be more than 50 per cent. more effective."

The former Conservative cabinet Minister went on to deliver a powerful attack on the four MPs, including the Rev. Ian Paisley, who had broken away. "We in Ulster are in no situation . . . to indulge the luxury of dissidents, half-timers, false friends or wolves in sheeps clothing."

The Speaker's conference was set up last year after an undertaking by Mr. Michael Foot, Leader of the House, that Ulster should be alloted seats more fairly in keeping with its population.

This could mean an increase in its MPs at Westminster to 17 or 18 from 12 at present.

APPOINTMENTS

Changes at TKM (Holdings)

Mr. L. T. G. Preston has been elected group deputy chairman of TOZER KEMSLEY AND MILLBOURN (HOLDINGS). He has been a director of that concern since 1974 and he is on the Board of Standard Chartered Bank and other companies. Mr. D. R. Spray joins the Board of TKM (Holdings) as group finance director and Mr. J. Sieff, chairman of BMW Concessionaires G.B., a subsidiary of TKM, and Mr. K. T. Roberts, managing director of TKM investments division, also join the holdings Board. Mr. H. C. Gilbert, a director of TKM (Holdings) and chairman of Price and Pierce (Holding Company), a subsidiary of TKM, becomes group deputy chief executive from the same date.

★

Mr. Iain Vallance has taken over the newly-created post of director, telecommunications financial planning at the POST OFFICE. Mr. Vallance was director, central finance, central headquarters. He will look after the sectors dealing with external finance, financial studies and accounting development. The existing finance director, Mr. Ken Nash, will carry the title director, telecommunications finance and accounts, and will be responsible for accounts, budgeting and telephone billing.

★

Mr. D. R. Baker has been appointed to the Board of TESCO STORES, the main operating subsidiary of Tesco Stores (Holdings). Mr. Baker, who joined the company in 1966, retains his responsibilities as head of the supplies and transport department.

★

Mr. R. A. Field has joined the Board of AUSTRALIAN AGRICULTURAL COMPANY succeeding Mr. D. A. Jamieson, V.C., who has retired.

★

Mr. A. R. Taylor, chairman of Willis Faber, has been appointed a director of MORGAN GRENFELL HOLDINGS. Mr. J. T. Faber has retired from the Board of Morgan Grenfell Holdings.

★

Consequent on the reconstruction of the motor industry activities of WILMOT BREEDEN (HOLDINGS), Mr. S. M. G. Anderson becomes managing director of W. B. Bumpers and Mr. H. C. Cox, managing director of Wilmot Breeden. Other Board members of W. B. Bumpers are: Mr R. H. Critchlow, marketing, Mr. D. Herbert, personnel, Mr. G. R. Hooper, engineering, Mr. C. G. Kings, financial, and Mr. J. H. Walker, manufacturing. Other Wilmot Breeden Board members are: Mr R. W. Bartlett, manufacturing, Mr. R. F. Done, personnel, Mr. W. V. Gorman, financial, Mr. A. E. Norman, engineering, and Mr. C. J. Shore, marketing. Mr. Done and Mr. Shore are new appointments. They joined the company in March, 1977 and July, 1976.

★

Mr Tom Kilpatrick has been appointed chairman of the new ECONOMIC DEVELOPMENT COMMITTEE FOR FOUNDRIES. This brings together both the ferrous and non-ferrous sectors of the industry in one committee. He succeeds Mr. Kenneth Corfield.

★

Mr. H. Weatherall has become director and general manager of a newly formed fabrication division of BALFOUR BEATTY POWER CONSTRUCTION, a BICC company. Mr. Weatherall will also be chairman of the participant companies of the fabrication division which comprises: Painter Brothers, Bartles (Carn Brae) and Shaw-Petrie. Mr. J. V. Williams, currently director and works manager is appointed director and manager of Painter Brothers and will be succeeded by Mr. J. F. C. Wilkins as works manager.

★

Mrs. Naomi McIntosh has been appointed chairman at the NATIONAL GAS CONSUMERS COUNCIL, the Gas Users Watchdog body.

★

BRITISH RAIL ENGINEERING has appointed two new directors to its Board. They are Mr. C. A. Rose, a member, British Railways Board, and Mr. J. A. Rigg, a director and general manager Aero Division, Rolls-Royce.

★

Mr. M. R. Hopkins, an executive director of CHARLES EARLY AND MARRIOTT (WITNEY), has been appointed a joint managing director of the company. He succeeds Mr. A. D. Hopkins who remains chairman and executive director.

★

JARDINE MATHESON AND CO. has appointed new directors for several of its subsidiaries. Mr. Colin Hardy has become a director both of the Indo-China Steam Navigation Company (Hong Kong), and of Pedder Shipping Inc. Also appointed to the Pedder Shipping Inc. Board is Captain George Colbeck. Mr. K. F. Lo has been appointed a director both of Lombard Insurance Company and of the Hong Kong Fire Insurance Company. Appointed directors of the Jardine Engineering Corporation, are Mr. David Agnew and Mr. William Huang.

★

Eagle Star states that Mr. S. M. A. Robinson has resigned as company secretary of EAGLE STAR INSURANCE COMPANY.

★

Mr. Anthony Montague Browne, a managing director of Gerrard and National Discount Company, has become chairman of GERRARD INTERNATIONAL, an operating subsidiary owned by Gerrard & National and Astley & Pearce. He succeeds Mr. Ian Guild, who remains as managing director and chief executive. Mr. Montague Browne retains his current appointment at Gerrard and National.

★

Mr. G. S. Allan has joined the Board of KILLICK MARTIN (BIRMINGHAM) and Mr. M. Lunn joins the Board of KILLICK MARTIN (SOUTHAMPTON).

★

The Board of METAL BULLETIN has been re-structured. The executive directors and their responsibilities will be Mr. F. L. Rice-Oxley, executive chairman, Mr. T. J. Tarring, managing director, Mr. R. P. Cordero, editorial director and Mr. B. R. Orbell, sales director.

★

Mr. R. W. Johnson has been appointed a director of TULLETT AND RILEY (FOREIGN EXCHANGE) COMPANY.

★

Mr. C. B. Newcomb has been appointed group financial controller of GLAXO HOLDINGS and has retired from Clark Pixley Chartered Accountants.

★

The J. WALTER THOMPSON COMPANY has made four new Board appointments. They are: Mr. Miles Colebrook, Mr. Terry Hamaton, Mr. Brian Johnson, and Mr. Tony Stead.

★

Mr. R. J. Newton has been appointed a non-executive director of SKETCHLEY. Formerly managing director of Bury and Masco (Holdings), he is now a Fellow and the Bursar of Trinity Hall, Cambridge.

★

Mr. J. A. Harmsworth has become deputy chairman of the NORTH EASTERN ELECTRICITY BOARD. Mr. Harmsworth, formerly commercial manager and executive members of the NEEB, succeeds Mr. G. H. Byrom who has retired.

★

Mr. Louis Freedman, has retired from the Board of LAND SECURITIES INVESTMENT TRUST and from all appointments with subsidiary companies of the group. Mr. Frederick P. W. Maynard, director of the Land Securities Investment Trust and managing director of its subsidiary, Ravenseft Properties, has in addition been appointed chairman of the latter company and its subsidiaries. Mr. Peter J. Hunt, director of Land Securities Investment Trust, has assumed the positions of chairman and managing director of Land Securties (Management) in the place of Mr. Louis Freedman.

★

Sir William Pettingell has been elected chairman and Sir Robert Norman appointed a director of HANIMEX CORPORATION. These moves follow the retirement of Mr. A. W. Uther, who has been chairman of the Board of Hanimex Corporation since its listing as a public company 20 years ago.

★

Mr. J. N. Clarke, head of the finance division, and Mr. J. A. Holmes, technical director, have been appointed executive directors of ANGLO AMERICAN CORPORATION OF SOUTH AFRICA. Mr. J. F. Drysdale, in charge of the manpower resources division, and Mr. G. S. Young, a deputy managing director of the gold and uranium division, are appointed managers of the Corporation.

★

Mr. J. V. Sheffield has retired from the Board of PORTALS LIMITED but remains chairman of the parent concern, Portals Holdings, and Mr. Julian J. L. G. Sheffield succeeds him as chairman of Portals Limited. Mr. David A. Clark, Mr. Michael P. Dawes, and Mr. John E. F. Lloyd have become directors of that subsidiary.

CONTRACTS AND TENDERS

BOND DRAWINGS

NOTICE OF REDEMPTION

EUROPEAN COAL AND STEEL COMMUNITY (E.C.S.C.)
U.S.$50.000.000 — 7¼% 1974/89

The Commission of the European Communities informs herewith the bearers of bonds that a selection by lot for a principal amount of U.S.$500.000 has been made for redemption in the presence of a Notary Public on 12th December, 1977 at the Chase Manhattan Bank N.A., New York.

— Number of bonds selected by lot :

3	102	254	283	349	402	411	651	758	1045	1065	1114
1123	1183	1214	1216	1576	1686	1707	1715	1801	1807	1833	2000
2138	2139	2158	2219	2287	2478	2660	2736	2773	2810	2833	2895
2921	2960	3046	3086	3139	3258	3318	3530	3572	3712	3837	4384
4486	4630	4717	4747	4759	4787	4817	4973	5028	5180	5276	5370
5682	5718	5738	5872	5913	6181	6569	6656	6717	6721	6827	6867
6925	7145	7163	7215	7269	7308	7316	7498	7529	7539	7606	7708
7852	7897	7945	7946	8163	8177	8393	8437	8519	8579	8655	9170
9248	9332	9362	9436	9526	9646	9672	9971	10057	10120	10225	10321
10342	10395	10494	10524	10623	10805	10927	10957	11020	11087	11101	11202
11235	11403	11417	11428	11539	11556	11560	11627	11697	11944	11960	12061
12140	12377	12539	12565	12580	12644	12645	12676	12711	12952	13024	13351
13377	13930	14045	14069	14094	14175	14244	14421	14570	14790	14955	15302
15449	15593	15790	15944	16282	16285	16559	16569	16584	16670	17117	17228
17285	17359	17397	17594	17683	17886	17985	18006	18147	18210	18253	18263
18368	18406	18493	18497	18594	18799	19036	19152	19168	19477	19537	19620
19654	19915	19971	19972	20086	20091	20134	20158	20173	20261	20321	20422
20429	20469	20625	20673	20701	20773	20860	20944	21045	21066	21126	21160
21390	21520	21530	21736	21797	21861	21969	22626	22691	22698	22787	22999
23646	23741	23871	24044	24064	24159	24233	24339	24438	24494	24720	25080
25299	25447	25551	25732	25745	25746	25799	25923	25940	25985	26030	26046
26275	26361	26426	26510	26518	26726	26773	26852	26863	26886	26888	27158
27162	27312	27394	27400	27408	27521	27610	27868	28038	28041	28094	28108
28415	28426	28657	28690	28951	28973	29077	29283	29400	29448	29554	29636
29737	29899	29943	29977	30084	30139	30300	30310	30390	30503	30744	30786
31014	31103	31106	31391	31425	31493	31531	31535	31635	31825	31979	31989
32032	32237	32326	32328	32414	33017	33037	33056	33114	33160	33188	33494
33681	33938	33963	34377	34393	34488	34722	34744	34808	34959	34976	35321
35468	35543	35623	35763	35812	35817	35835	35846	35910	36013	36141	36167
36276	36307	36571	36608	36627	36659	36809	36820	37002	37003	37068	37274
37293	37298	37322	37341	37503	37532	37585	37609	37633	37642	37645	37919
38176	38207	38268	38427	38468	38847	38978	38984	38997	39128	39241	39294
39404	39509	39577	39623	39639	39660	39693	39761	39860	40093	40108	40115
40237	40330	40354	40645	40837	41218	41223	41339	41406	41431	41564	41571
41648	41671	41862	41907	42087	42248	42335	42579	42591	42601	42672	42726
42772	42830	42905	43107	43108	43122	43411	43478	43518	43633	43689	43757
43822	43839	43925	43979	44018	44033	44157	44159	44163	44304	44344	44371
44467	44514	44584	44719	44738	44841	44885	44962	45020	45080	45233	45271
45447	45454	45525	45607	45653	45689	45703	45783	45792	45882	46276	46305
46340	46486	46807	46828	46899	46953	47055	47166	47259	47473	47611	47693
47791	47792	47873	47944	47955	48010	48306	48368	48527	48529	48588	48639
48777	48843	48870	48927	49045	49134	49328	49433				

Principal amount unamortised after 1st February, 1978: U.S.$49,000.000.
From 1st February 1978 the bonds selected by lot will no longer bear interest.
The bonds presented for reimbursement should be accompanied by coupons of 1st February, 1979 and following, and will be payable in accordance with the terms and conditions shown on the bonds.

4th January, 1978.

DRAWING

At drawings made in December 1977, in the presence of a Notary Public in Stockholm, Deposit Certificates in respect of Bonds of

THE GERMAN REICH 4% (FORMERLY 6%) EXTERNAL LOAN *OF 1930* (the "*Match Loan*")

totalling US$603.500 were drawn for redemption as at the 16th January, 1978.

Lists of certificates drawn can be obtained at Lazard Brothers & Co., Limited 21 Moorfields, London EC2P 2HT

The certificates are payable on the condition given in the certificates as from the 16th January 1978 at any of the offices of Skandinaviska Enskilda Banken and Gotabanken as well as at the offices of the other Paying Agents.

No interest will be paid as from 15th January 1978 *on certificates drawn.*

Certificates presented for redemption shall be accompanied by all the interest coupons which are not yet due for payment as well as by the talon. Otherwise, an amount equivalent to the missing coupons will be withheld.

The holder of a certificate which has been drawn will receive on its redemption a voucher in respect of the right attaching to the certificate to receive "Funding Bonds" when issued.

Any of the drawn certificates held on behalf of residents in the United Kingdom should be lodged between the hours of 11 a.m. and 2 p.m. (Saturdays excepted) for payment through an Authorised Depositary in London with Lazard Brothers & Co., Limited, 21, Moorfields, London EC2P 2HT from whom listing forms may be obtained. Certificates cannot be accepted through the post.

COMPANY NOTICES

MANUFACTURE FRANCAISE DES PNEUMATIQUES MICHELIN

9½% Bond 1976-1986 of $ US 75,000,000

The repayments due on March 15, 1978, for which the sum of $US2,500,000 has been set aside were drawn by lots on December 20, 1977, in the presence of a notary.

Bond Numbers Drawn
Nos. 67125-69624 inclusive

The balance remaining in circulation after the repayments of March 15, 1978, will be $US70,000,000.
The bonds which have been drawn will cease to carry interest after March 15, 1978. Bonds presented for repayment must be complete with coupons for March 15, 1979, and thereafter and will be paid in accordance with the conditions shown on the bonds.
All bonds repayable on March 15, 1977, have been presented for repayment.

Paying Agent,
Banque de Paris et des Pays-Bas pour le Grande-Duche de Luxembourg

ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
(Incorporated in the Republic of South Africa)

DIVIDEND No. 83 ON THE ORDINARY SHARES

Further to the Dividend Notice advertised in the Press on the 25th November, 1977 the conversion rate applicable to payment in United Kingdom currency in respect of the above-mentioned dividend is £1 = R1.679017, equivalent to 7.14703p per share.
The effective rate of South African Non-Resident Shareholders' Tax is 13.4142 per cent.

For and on behalf of
ANGLO AMERICAN CORPORATION
OF SOUTH AFRICA LIMITED
J. C. Greensmith

London Office:
40, Holborn Viaduct,
EC1P 1AJ.

Office of the United Kingdom Transfer Secretaries:
Charter Consolidated Limited,
P.O. Box 102,
Charter House,
Park Street,
Ashford, Kent.
TN24 8EQ
3rd January, 1978

RAND MINES PROPERTIES LIMITED
(Incorporated in the Republic of South Africa)
A Member of the Barlow Rand Group

DIVIDEND No. 10

Further to the Company's consolidated profit announcement and dividend notice advertised in the Press on 8th November, 1977 the conversion rate applicable to payments in United Kingdom currency in respect of Dividend No. 10 is £1 = R1.683400, equivalent to 8.31650p per share.
The effective rate of South African non-Resident Shareholders' Tax is 15 per cent.

Office of the London Secretaries:
Charter Consolidated Limited,
40, Holborn Viaduct,
London EC1P 1AJ.

Share Transfer Office of the London Secretaries:
Charter Consolidated Limited,
P.O. Box 102,
Charter House,
Park Street, Ashford,
Kent, TN24 8EQ. 3rd January 1978.

LABOUR NEWS

Welsh miners vote soon on bonus deal

BY ALAN PIKE, LABOUR CORRESPONDENT

MINERS in South Wales, whose leaders have been among the firmest opponents of incentive schemes, will meet next week to decide whether they want to join men in other areas who are negotiating local productivity arrangements.

Men at one of the three Kent pits — Tilmanstone — yesterday accepted the recommendation of their leaders and voted to accept an area productivity scheme. *Mr. Jack Dunn, Kent miners'* leader, said that voting was "a little more than 2-1" in favour.

Voting in Kent will continue until Sunday, but it should become clear to-day whether the coalfield—one of the Left-wing areas originally opposed to productivity incentives—is now ready to go along with the idea.

The National Union of Mineworkers' South Wales executive yesterday decided to call a delegate conference at Bridgend next Wednesday to consider the issue. Members of the executive did not decide whether to put any recommendation to the conference. This will be determined later at a special executive meeting.

Opposition

South Wales and Scotland showed the biggest percentage *majorities against* productivity bonuses in a pithead ballot in November.

But since then other areas have, with the approval of the union executive, begun negotiating local schemes, and last week delegates representing Scottish miners decided in favour of an area incentive scheme.

Left-wing miners' leaders remain opposed to the principle of productivity schemes, which they believe will weaken the unity of the union and increase the accident rate in the pits. However, there is a growing realisation that, following the failure of a court move by the Yorkshire, *Kent and South Wales areas to* block the introduction of such schemes, little more can be done to stop them.

If the final Kent vote confirms the decision of the men at Til-*manstone, and the South Wales* delegates also come out in support of incentives, the Yorkshire area will become increasingly isolated. Another pit in the area Steetly—yesterday applied to the National Coal Board for permission to operate a scheme. This takes the total in the coalfield to 16, in spite of opposition of the area's leaders to the incentive principle.

Triumph workers likely to stay out on Merseyside

BY PAULINE CLARK, LABOUR STAFF

MEDIATION TALKS at British Leyland's Triumph plant on Merseyside broke up last night with little hope of an early end to an unofficial strike by 1,800 assembly workers over a productivity plan.

The two-month-old *stoppage* has led to about 3,500 lay-offs at Speke and at Canley, Coventry. With *production of all* TR7 and Dolomite cars halted, the dispute is believed to have cost about *£50m. in lost revenue* at showroom prices.

Independent mediators from the Advisory, Conciliation and Arbitration Service spent yesterday in session with union representatives at the Speke plant, but were said to be merely engaged in a lengthy "report back" meeting. This followed separate talks with management over the Christmas period.

Ahead of a further meeting between ACAS *officials* and British Leyland management, the Speke strikers appear to be *standing their ground against* what they regard as imposition of a productivity programme.

Senior shop stewards were yesterday seeking clarification of reports of a possible closure of *the plant* under a rationalisation programme.

Productivity at Speke is considered *low compared to other* plants in the cars division. The need to improve output and *efficiency was among the chief* targets set by the National Enterprise Board for continuing financial support to British Leyland.

The company claims that negotiations on improving efficiency began *about eight* months ago.

Union will seek 20% Civil Service rises

BY OUR LABOUR CORRESPONDENT

THE LEADER of one of the biggest Civil Service unions warned yesterday that it would be presenting the Government with a pay claim "upwards of 20 per cent."

The executive of the Society of Civil and Public Servants meets this month to decide the exact terms of the claim it will be submitting for payment from April 1. With the normal pay research system of determining Civil Service pay not in operation this year, unions will be pressing individual claims.

Leaders of the society are committed to the 20 per cent. claim by a decision of their annual conference, and Mr. Gerry Gillman, general secretary, confirmed yesterday that it would be "well above the Government's pay guidelines."

The society will be concerned, in the claim, to compare civil servants' pay with that of people doing similar work in industry. It will argue that since the end of Phase Two a number of groups—including the workers for Ford and Vauxhall, agriculture workers and seamen—have, either directly or as a result of productivity schemes, received over 10 per cent. rises.

"We shall submit a reasoned statement of what our members are entitled to," said Mr. Gillman. "It means rejecting arbitrary norms and cash limits which, under the Government's policy, could mean a pay offer of as little as 5 or 6 per cent."

The society, which represents middle-ranking civil servants, showed itself the most militant of the Civil Service unions in condemnng the Government's falure to restore pay research this year. It has, also, been critical of the TUC's failure to support the firemen's strike.

With the Government certain to stand by the pay guidelines during the Civil Service negotiations, some form of industrial action cannot be ruled out.

The negotiations will be taking place at a time with Ministers already thinking about the shape of pay policy for next winter. At the week-end the Prime Minister said he hoped there would be only a 5 per cent. rise in prices in 1979, a figure which required a corresponding level of pay rises.

Strings if we accept 10% say assistant masters

BY MICHAEL DIXON, EDUCATION CORRESPONDENT

FOUR demands on teachers' pay were put forward at the conference of the 40,000-member Assistant Masters' Association in Cardiff yesterday, as conditions for union acceptance of a salary award of only 10 per cent. next April. The demands were:

1.—A review of school staff's pay to show the erosive effects of recent incomes policy, coupled with a commitment by English and Welsh education authorities to "appropriate action."

2.—Acknowledgement by the authorities that a 10 per cent settlement for 1978-79 would have to be reconsidered if rises in living costs exceeded forecast levels.

3.—Definite indications by the employers that they are prepared to restore the pay differentials established by the Houghton Committee's report in 1974.

4.—Clear recognition by the authorities that a 10 per cent. award would at best prevent further erosion of teachers' salaries in the coming year.

Mr. Andrew Hutchings, general secretary, said that unless the conditions were met the association would find it impossible to accept a settlement within the Government's guidelines.

The association is the third largest of the teachers' unions which will shortly be formulating their 1978-79 claim for negotiation with the employers in the Burnham Committee. The unions' side of the committee is dominated by the 236,000-strong National Union of Teachers.

Mr. Hutchings estimated that, in real terms, teachers' salaries were now 10 per cent. lower at the bottom of the range and 40 per cent. lower at the top than in 1974-75.

He claimed that the association was seeking a commitment similar to that offered by the Government to police and firemen—that anomalies would be put right over one to two years.

Occupying workers want to buy glass factory

BY OUR BELFAST CORRESPONDENT

THE 150 workers who took over a crystal glass factory in Belfast last month have offered to buy the plant from its owners, the *Tyrone Investment Corporation.*

Mr. Paddy Devlin, an official of the Irish Transport and Gen*eral Workers Union, has opened* negotiations with Mr. Paddy Duffy, the corporation's chairman.

Mr. Duffy said there might be grounds for an agreement. The corporation wanted to see employment maintained at the Antrim crystal factory.

The workforce will have to negotiate, as well, with the *Northern Ireland Department of* Commerce, which provided the Government advance factory for Antrim Crystal *and grant-aided* the company's development.

Transport Union workers occupied the factory after an inter-union row threatened to close it. They have since run it as a co-operative.

Tax cuts timing faulted by incomes study

BY ALEX GRAHAM

GOVERNMENT pleas that workers should moderate their pay claims because of tax cuts will have little effect unless the Government rethinks its taxation policy, says Incomes Data Services, an independent research body.

Its report, based on a study of take-home pay over six months, says that the effect of tax cuts is "largely ignored" by empoyers and unions, who are chiefly interested in determining gross rates of pay.

Since pay policy is decided a year in advance, the *report says*, tax changes should also be made clear in advance and should cover the same period. "*We have* to be able to associate sensibly a pattern of income-tax changes with the normal sequence of pay negotiations over a period."

The report calls for an end to tinkering with taxation policy and the *introduction of a long-*term tax programme.

The group also points to what it calls "colossal incentives" for companies to avoid paying tax and to provide extensive fringe benefits for employees. Companies may as well spend all the net profits they can and according to IDS, many give their employees "what advantages they can" without upsetting the Inland Revenue.

"*The incentives to have meals* on the firm, to charge up telephone calls or newspapers to the company *or to use a company* car are quite stupendous," it adds.

Management

EDITED BY CHRISTOPHER LORENZ

Geoffrey Owen looks at an unusual success story

Myth-breaker from Japan

A YOUNG scientist, working for a large, established company, has a disagreement with his senior managers and decides to leave. Taking seven of his colleagues with him, he sets up his own business. A wealthy friend helps with the initial capital. He starts calling on potential customers, mainly high-technology companies, and tries to sell them problem-solving expertise. Because of his technical reputation and proven record the business starts to grow. After a few years the company goes public and the stock becomes a high-flyer.

There is nothing very novel in that: it is happening all the time in California's "silicon valley" or on Route 128 outside Boston. What makes this particular story interesting is that it took place in Japan. Kazuo Inamori, founder, president and principal stockholder in Kyoto Ceramic, is the sort of businessman whom Americans and Europeans find easier to understand than the typical top executive in one of the giants like Mitsubishi or Sumitomo.

Now in his early forties, he represents a younger generation which, though distinctively Japanese, is more flexible, less conservative and perhaps less bureaucratic in its attitudes. He also represents that important section of Japanese industry—entrepreneurial medium-sized companies, independent of the banks, the Government and the large "zaibatsu" groups—whose existence is often forgotten in the West.

Innovation in the use of ceramic materials is the basis of Kyoto Ceramic's business and the electronics industry the most important market. In the early days—the business was founded in 1959—Inamori had to find customers who were willing to take a risk with an untried supplier. Discouraged by the caution of Japanese manufacturers, who were mostly licensees of U.S. firms, he went to the U.S. itself and eventually sold his ideas to Texas Instruments and others.

Sales of the company's IC (integrated circuit) packages go mainly to the U.S. semiconductor makers; Kyoto Ceramic is affected by the ups and downs of that notoriously cyclical business.

But Inamori has widened the product range both within the electronics industry and outside, and included jewellery and biomedical products for dental implants. Kyoto Ceramic is the world leader in its field; about 72 per cent. of its $175m. sales in the last financial year came from outside Japan.

Contrary to the usual myths about Japan, Inamori has not received any help or guidance from the supposedly ubiquitous Ministry of International Trade and Industry. Indeed, on one of the few occasions when he did need Government help—his American competitors had complained about alleged dumping—the response from MITI was not sympathetic; the civil servants evidently preferred to deal with a trade association representing an entire industry, not with an individual entrepreneur. Inamori had to sort out the problem with the aid of an American lawyer; the anti-dumping complaint was withdrawn after investigation.

Just as he would not dream of being "mothered" by MITI, so he has been careful to avoid undue dependence on the banks. The business has been largely self-financing and the balance sheet is strong. When the suggestion was put to him (by Daiwa Securities, one of the leading securities firm) that he should go public, his agreement was not prompted by any urgent need for new capital. "It is better to rely on shareholders than on banks," he says, but he had mixed feelings about the additional obligations he would be incurring.

There would be pressure to maintain a high growth rate.

Kazuo Inamori

"It's like a horse race in which many people buy tickets; they want to win and they are not interested in whether the horses are tired and the weather unfavourable."

Nevertheless, Inamori felt that the company would gain in prestige by going public. The employees, many of whom were already shareholders, would have greater pride in the company. Like many Japanese businessmen, Inamori regards the company as being held in trust for the employees, all of whom are dedicated to what he calls the "Kyocera philosophy"—a constant search for new products and higher quality, together with an emphasis on personal responsibility and discipline. He rejects the idea that employee shareholdings provide an incentive for people to work harder. As Inamori sees it, there is much more than a financial contract between the company and its employees; it is a more "human" relationship based on trust and partnership.

As for himself, he claims not to be motivated by any desire to accumulate personal wealth. "We have a saying: money has legs and if you try to catch it it will run away from you." He suggests that in the U.S., where the desire for wealth is an important incentive, entrepreneurs tend to lose interest when they have achieved it. The consequent rise and fall of science-based companies makes for a dynamic society, but Japanese companies, with their different philosophy, are perhaps more consistent in their performance.

The contrast of philosophies was evident when the company set up a manufacturing subsidiary in San Diego. Inamori found the operation very frustrating—"I was about to give up many times." It has only recently come right; the plant now achieves an efficiency about 90 per cent. of the Japanese level. It was difficult to get across the notion that the company "belonged" to the workers and that they, not just the top management, were entitled to share in any rewards for improved performance.

Inamori's habit of discussing matters directly with the employees, eating meals with them and sharing their problems particularly disconcerted his American managers. But these misunderstandings have now been cleared up.

Inamori also says the Japanese have learnt some valuable lessons from the U.S. approach to management. Whereas in Japan a manager gives general instructions and his subordinate interprets them as he thinks fit, the Americans go in for much more precise and systematic analysis of the task to be performed; this can yield significant gains in efficiency.

Kyoto Ceramic now has nearly 1,000 employees in the U.S. and all but a handful are Americans. Inamori believes that the profits made by an overseas subsidiary must be reinvested in the country concerned. The aim is to achieve a rate of profitability which permits a three-way split of value added—one third for the employees, one third for the Government in taxation and one third ploughed back into the business.

The parent company still relies heavily on direct exports from Japan; since most of these are denominated in dollars the appreciation of the yen has had serious effects. With currency problems added to technological change and growing competition from non-ceramic materials, there are plenty of challenges ahead for the "Kyocera philosophy." Inamori intends to stay ahead by innovation. "It is through this zeal and incessant effort," he told his shareholders in one of his annual reports, "that we hope to continue our humble contribution not only to the industries we serve, but also to the unlimited applications that will undoubtedly develop."

Sue Cameron on a new-style co-op

A Hebridean experiment

NESS IS a fishing village of 2,000 souls set on the rust coloured peat bog that covers the Northernmost tip of the Isle of Lewis in the Outer Hebrides. At first sight it seems an unlikely spot for the setting up of a multi-functional co-operative: its population has been steadily declining for years and, though beautiful, it is a bleak place, cut off from the industrial arteries of the mainland by the waters of the Minch.

Yet it is here that the Highlands and Islands Development Board is hoping to sponsor what it calls "a new kind of co-operative designed to help people reap the benefits of their own local resources on a community basis."

A co-op in Ness would not be the only one of its kind. The Board has earmarked sufficient funds to support up to eight co-ops scattered throughout the Western Isles. And if the experiment is successful then the scheme will be put into operation on the mainland as well.

The idea is that the Ness co-op would not limit itself to any one activity. The Board hopes that it could eventually include up to half a dozen different industries, ranging from weaving to market gardening. And the potential for building up a series of tiny, local businesses is considerable.

Members of the thriving Ness Community Association say one thing a co-operative could do is cut and bag peat, either for sale locally or for export. Many crofters still cut their own peat and stack it outside their houses for use as winter fuel. But a growing number have started to rely on more convenient fuels such as coal or oil.

Yet peat is more economic and a co-op might be able to afford a machine to do the cutting. If enough were produced it might be possible to export the surplus from local needs—probably to the West coast of America where peat is much in demand in fruit farming.

Members of the Ness Community Association also believe it would be possible for a local co-op to start growing vegetables such as carrots, turnips and onions, and to market them on the island. At present most fresh vegetables are imported from the mainland, which makes them expensive.

Some people in the association think that crop production could be increased as well and again sold locally.

The main reason why people are leaving Lewis is because there are not enough jobs. A co-op could provide work for local men and women and it could also encourage expatriates to return. If the villagers of Ness do decide to start a co-op and if they agree that farming and vegetable growing should be among its activities then their community will benefit in three ways: better employment prospects, lower prices in Lewis shops and—ultimately—a financial return on the effort and money invested by individual members of the co-operative.

The Highlands and Islands Development Board points out that small, rural communities are just not attractive to outside developers. The building up of industry in places like Ness must therefore depend on local initiative.

In its guide for communities thinking of starting a co-op, the Board says: "It has been said that no co-operative has failed for the sole reason that it is a co-operative but many have failed because of poor management. It is therefore very important to have a good manager."

In recognition of this need, the Board is planning to pay the salary of an experienced manager for any newly started co-op that looks as if it has a good chance of flourishing. This special grant will be available for a period of up to three years. After that it is expected that the co-op will be able to stand on its own feet and pay a manager's salary itself.

One of the main jobs of a co-op manager will probably be to organise the pricing and marketing of the goods produced. In the past, one of the main problems for multi-functional co-ops has been that no individual member could afford the time needed to visit trade fairs and make approaches to customers.

The Board's intention is that a co-op manager would also help with the planning, setting up and development of new activities as the co-operative expands. In doing this, he would, of course, work closely with the co-op's elected management committee.

The Board's idea is that a community interested in starting a co-op should set up a management steering committee. Once it was proved that a sufficient number of people in the area were interested in a co-op scheme, each potential member would be invited to invest a certain amount of money—say £50 although it might well be agreed that this sum could be paid in annual instalments of £10. A permanent management committee would then be set up after elections by all co-op members. This is the body to which a professional manager would be responsible. But the Board is adamant that the professional must be given enough headway to do his job properly.

"It is up to the committee and the manager to work out who is to have the authority in such matters as the hiring of labour and the expenditure of funds available to the business," the board's guide says.

"Not only is there no point in the management committee appointing an experienced man and then running the business itself but it is also necessary to give the manager real powers if he is to do his job properly. If, in the final analysis, the manager proves to be unsuitable for the work required of him, the management committee has the right to recommend his dismissal to the membership of the co-operative."

The payment of managers' salaries is not the only way in which the Highlands and Islands Development Board is planning to help budding island co-ops. Special grants and loans will be available for almost every new enterprise a co-op starts up. And at the outset, the board will match the money raised by the membership of a new co-operative on a £ for £ basis.

A proviso to this seemingly handsome offer is that co-op members must put up enough cash to turn themselves into a viable concern. Apart from a natural desire not to waste money on lame ducks, the board also wants to be sure that there is sufficient interest within a community to get a co-op off the ground. It is therefore acting on a put-your-money-where-your-mouth-is principle.

As far as Ness is concerned there can be little doubt about the ability of local people to work together effectively for a common aim. This year the community association raised enough money to buy a combine harvester—with some financial assistance from the board. The cash was raised from sales of work, association subscriptions and the sales of a locally compiled Gaelic telephone directory.

This phone book, which has been sold to Lewis expatriates all over the world, lists the English names plus the Gaelic names and nicknames of everyone in the Ness area. Gaelic is the first language of the people of Lewis and nicknames are important in a place where half the population is surnamed Macdonald, Mackenzie or Macleod.

The combine harvester that was bought partly with the proceeds of the directory is now being hired out to individual crofters. None of them could have afforded such a machine on his own—nor indeed would he have had enough use for it. But on a community basis the the combine harvester makes economic sense.

It was the Ness Community Association that was also instrumental in putting forward ideas for local job creation schemes. These were accepted by the Manpower Services Commission and proved highly successful.

The hope now is that the association will provide the structural basis on which a Ness Co-operative can be built. A first meeting of potential members has already been held and further discussions are planned.

BUSINESS PROBLEM

BY OUR LEGAL STAFF

Receiver and real property

When a receiver is appointed, has he the duty to sales by himself beyond reasonable doubt if any real property assets he proposes to sell are in fact the property of the company and not of a third party?

If the receiver purports to sell real property which did not in fact belong to the company at all, no title will have passed and the true owner will not be injured (save that he may have to bring an action for trespass against the "purchaser"). This ought not to happen, however, as the purchaser's solicitors should make a proper investigation of the title offered before completing the purchase. A receiver would, however, be liable to a third party in conversion if property in which the title passes on delivery were wrongly transferred to a purchaser.

★

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Technical News

EDITED BY ARTHUR BENNETT AND TED SCHOETERS

● PROCESSING

Protective coats for large components

PLASTIC COATINGS, part of the Imperial Group, has introduced at its Winsford, Cheshire, plant what is claimed to be the biggest industrial coating line of its type in the world capable of applying corrosion protection on items 7 metres long by 2.5 metres diameter and weighing up to 4 tonnes.

The £250,000 new plant, engineered and installed over a two-year period by a sister company, Plastic Coating Systems, will primarily be used to apply a Vylastic pvc coating, based on BP Chemicals' Breon pvc resin. In addition the plant has the capacity to apply a wide range of other corrosion resistant coatings, including epoxy powder, Fluoroplas pvdf, Plasinter polyethylene, Vyflex pvc and Deconyl nylon.

Plastics Coatings claims its facilities at five different centres throughout the U.K. give it the capacity to handle industrial *coatings requirements across a* broad front from heavy section pipework, large scale vessels and tanks for the process, chemical and offshore oil industry, down to metal cup hooks for domestic use. Vylastic RS60, the plastisol coating which will be applied mainly at Winsford, is applied where extreme toughness, plus resistance to salt water, chemical solutions and effluent are required and is already used on North Sea production platforms by oil companies including BP.

The company, which has its headquarters in Guildford, Surrey, started in business coating dish draining racks in 1952 and moved four years later into industrial coatings. It now makes its own coating materials and plant, and markets these worldwide through Plastic Coating Systems.

The new line at Winsford is semi-automatic and can be controlled from a central console, and in-line by independent consoles, at each stage of the process. Items to be coated are carried on a track through each section, and the process cycle begins with shotblast cleaning to remove rust and scale. After application of Vyprime, the company's own adhesive primer, the work passes into a pre-heat oven where it is heated to around 250deg.C.

The substrate is then immersed in a tank of Vylastic, and after dipping, the coating is cured in a second oven at a temperature of about 190deg.C. Coated items are spark tested at 10 KV to *check for* pinholes before being guaranteed non-porous. Flanges are subsequently faced and bolt-holes drilled as required.

Apart from Winsford in the North West the company has other divisional coating facilities at Kingswinford (West Midlands) Earl Shilton (East Midlands), and Risca, (South Wales), and a dip mouldings division at Farnham, Surrey, where its laboratory and technical services are also located.

Plascoat International, Woodbridge Industrial Estate, Guildford, Surrey, GU1 1BW.

RHYS DAVID

● HANDLING

One man for big loads

A SYSTEM of truck loading which enables one man to load difficult payloads on to a vehicle in five minutes instead of up to half a day using conventional vehicles and loading techniques, has been pioneered by Brimec (U.K.).

Brimec equipment can be fitted to a truck of trailer platform. By hydraulic operation the platform is moved to form an inclined ramp along which pavers or heavy machinery can be winched or driven. Once on board, the loaded body is repositioned on the chassis by its own hydraulic power unit so that the vehicle is ready to drive away. Once under way, the Brimec vehicle is indistinguishable from any other carrier of heavy equipment.

Among the haulage companies using Brimec is Beasley Bros. of Horley, Surrey. They specialise in moving contractors' heavy plant. Their Brimec trailer, which has a capacity of 20 tonnes, is normally coupled to a Scania 100 tractor unit.

The company operates several regular low loader trailers, but says it finds the Brimec the most popular unit for moving loads up to the weight limit.

Brimec (U.K.) can supply the system fitted to a variety of rigid commercial vehicle chassis or can build suitable trailers to order.

Further from Chapel Lane, Clay Hill, Bristol BS5 7PL. 0272 651204.

● MATERIALS

Mending the roofs in winter

PROBLEMS of undertaking roof waterproofing and repair work in winter conditions when rain or frost are imminent can be overcome by using Allweather Compound (Brush) or Allweather Compound (Trowel) developed by Shell Composites, Slough, SL1 4DL. Provided the surface to be treated is clean and dry at the time of application, these solvent-based bituminous materials will not be harmed by subsequent rain or frost. When cured they will not flow or sag under normal service conditions and are resistant to most dilute acids, alkalis, salt solutions and alcohol.

The brush-applied compound—a non-toxic general-purpose material containing a small amount of mineral fibre reinforcement—dries to a flexible black coating within an average of 24 hours. It may be used on roofs of mastic asphalt, roofing felt, corrugated iron or asbestos cement sheeting; it can also be used to fix roofing felt or protect metal.

The compound is applied in two coats to give a dry film thickness of 0.75mm. When used with a woven glass reinforcing membrane, however, three or four coats are recommended, ensuring that the reinforcement is adequately wetted out and covered.

Allweather Compound (Trowel) contains liberal quantities of filler and mineral fibre which make the material suitable for stopping, bedding, bonding, sealing or pointing, as well as for overall waterproofing. In the latter case it is trowelled to a thickness of 3 mm, giving a coverage of 3 litres per square metre and drying in 24-48 hours, depending on weather conditions. when used for repairing surface fissures, the compound is forced into the crack and extended for 25 mm on either side to a thickness of at least 3 mm. For large cracks or holes, glass fibre membrane is embedded in the first application, followed by a second application when the first is completely dry.

Shell Composites, Riverside, Saltney, Chester CH4 8RS. Chester 674 774.

● POWER

Long life batteries

SEAWATER batteries division of Ultra Electronics (Components) is to supply seawater activated batteries to power underwater submarine detection equipment such as Sonobuoys.

This £1½m. repeat order is for a highly critical component of these sophisticated systems. For example, a shelf life of several years is required, yet the batteries have to deliver full rated power without fail within seconds of being immersed in seawater.

Sucess in this area rests on the stringent manufacturing procedures in force at the Loudwater, Bucks, plant. Meeting military specifications is not a simple matter and it is doubly difficult in the case of special components such as batteries where the unpredictable length and conditions of storage and service pose very special design, manufacturing and test problems.

Ultra, Fassetts Road, Loudwater, Bucks. 0494 26233.

● COMPONENTS

High level of brightness

AN EXPANDED line of light-emitting-diode lamps, including a high-brightness T-1 version and a low cost rectangular product, has been released by Hewlett-Packard.

In the T-1 package, the company's new red, yellow and green lamps offer a higher level of brightness than previously available in a standard product. This is the result of continually improving methods of manufacturing gallium phosphide material and a new, more selective, screening process.

The series will be used in portable instrumentation and other industrial applications where good visibility and low power consumption are required.

In addition, HP is introducing lower brightness T-1 lamps for less demanding consumer applications such as indicator lights in radios, tape recorders, TV sets and ovens.

HP is at King Street Lane, Winnersh, Wokingham, Berks. RG11 5AR. Wokingham 784774.

● HEATING

Raising the steam quickly

WITHIN 7 to 15 minutes a full head of steam can be raised in two new oil-fired boiler units at the top of the range from Twin Industries Agencies. The steam outputs provided by Models 50E and 60E are respectively 1750 and 2000 lb/hour.

Operation is fully automatic and special attention has been paid to extracting as much heat as possible from the designs, which complement the existing series with outputs from 140 to 1050 lb/hour.

In operation, the burner will send a slowly spiralling flame down the length of the furnace for maximum heat absorption. At the bottom of the furnace, the combustion gases turn upwards and make a second complete pass around the outside of the boiler shell. Residual heat is transmitted by convection and conduction into the pressure vessel, giving high efficiency.

The company is proposing to add similar larger steam raising units to its gas-fired boiler series.

Twin Industries Agencies, *Stoneyard Works*, Park Street, Camberley, Surrey. Camberley 26152.

● ELECTRONICS

Improved encapsulant

DOW Corning has developed a semiconductor moulding compound which is claimed to have the best properties of both silicone and epoxy resins.

Suitable for high volume production, the material, designated 631, has flow and mould release properties comparable to silicone compounds and with a moulding cycle time of one to two minutes high production speeds are obtainable. Finishing operations are simplified due to good flexural strength.

Excellent sealing of leads is exhibited says the company and in salt spray resistance tests the compound proved to be superior to both conventional epoxy and silicone compounds. Time to failure in temperature and humidity tests was 4,400 hours, and both dissipation and dielectric constant remained stable at high frequencies and under wet conditions.

The material is flame retardant and meets or exceeds Underwriters' Laboratories specification 94V-O in 1-16th inch thickness.

More from 154 Chausee de la Hulpe, B-1170 Brussels.

● OFFICE EQUIPMENT

Show will aid buyers

BRITAIN'S FIRST National Office Reprographic Exhibition being organised by the Business Equipment Trade Association is to be held at the Wembley Conference Centre from February 14-16.

Beta is planning to show the whole gamut of reprographic systems for the normal front line office, from the many forms of small photocopier—thermal, infra-red and dual spectrum from as little as £70 or £80 upward—to 1,200 copies an hour electrostatic machines able to switch paper sizes at the press of a button.

The idea is to help the non-technical office administrator to make his choice. At one stage he is looking for the most suitable machine for making one-off copies for the organisation's executives, and at the next for a true duplicator able to make 10,000 copies an hour of a document that has got to please to serve its purpose.

This is where an office reprographic exhibition is of value, for the making of thousands of copies of anything can be an expensive business and made by the wrong process twice and three times as expensive as need be.

For those seeking a duplicator, the potentialities of the stencil variety have been greatly extended by the introduction of electronic scanners able to create masters from combinations of printed materials from several sources—augmented with line drawings, photographs, typescript and handwriting—in around ten minutes for an A4 document.

For those who need fast stencil cutting there are thermal cutters capable of turning out a reasonable facsimile stencil in a matter of seconds.

The latest xerographic and electrostatic duplicators for volume work can be fitted with sorters enabling books of up to fifty pages to be printed and page ordered at speeds of a page a second. One plain paper machine produces its first copy in 4.5 seconds with further ones at every 0.8 seconds and may produce one copy of up to 35 different originals in a minute. Many of the big machines also provide reduction facilities at the touch of a button, and an 18.5 per cent. reduction facility thus enables computer print-out to be copied in A4 form. Some have only one reduction potential in addition to normal copying, but a few have more than one.

For the very large volume producer the costs of photocopier duplicating can sometimes be brought down to around a penny a sheet, but still rarely equals the economies possible with ink-stencil and hectographic systems.

Speed and economy are often provided by using a combination of electrostatic platemaker and offset printer coupled together, and such systems can make possible runs of 10,000 an hour as well as offering up to three reduction selections.

Many who use the old spirit duplicating principles, a sheet of hectographic carbon paper, a good half art paper and a spirit damping system, may have given these up in favour of the more sophisticated offset colour machinery available, but the days of the hectographic principle are not over. The latest line-selection machines can be instructed to pick lines and paragraphs from a master and print them out in any special order making them ideal for invoice and manifest production, job cards and factory purposes.

● METALWORKING

Cuts production costs

DISPLACEMENT of metal rather than cutting it is the technique used in a machine developed by FormFlo for the production of annular blanks from tube. The method saves material, and therefore reduces production costs.

It is the result of research into methods of producing blanks for cold roll forming into bearing races. The conventional parting-off blade is replaced by rotating discs.

Outer diameter and bore of the blanks are machined using conventional carbide tools to remove the de-carburised layer and improve concentricity. A chamfering facility is provided.

Using standard collets, the machine can cope with tube ranging from 25 to 89 mm od—which matches the capacity of the inner race rolling machine. Floor-to-floor time on the machine starts at about seven seconds on the smallest rings, and is comparable with the times for the cold rolling process.

Fully automatic bar feed is fitted to the blank preparation machine, which can be supplied with a bar magazine.

Details from FormFlo, Lansdown Industrial Estate, Gloucester Road, Cheltenham GL5 1SPW (0242 55336), a Metal Box Engineering company.

● *By agreement between the Financial Times and the BBC, information from The Technical Page is available for use by the Corporation's External Services as source material for its overseas broadcasts.*

● PHOTOGRAPHY

Camera does most of the thinking

AVAILABLE NEXT month is a camera which offers experienced photographers a number of advantages including ability to select one of the three primary factors which go into making a still picture; leaving the two others for automatic adjustment.

The Minolta XD-7 is a single lens reflex camera with enough logic built in to cope with the above specification.

It has an extra-bright viewfinder screen and a flash unit controllable to two frames per second.

The unit can be switched to aperture priority mode in which the camera automatically computes from the film speed setting and lens position the right aperture. At the same time, the correct shutter speed is shown to the user in glowing LED digits, when the operating button is slightly depressed. The user is warned if conditions—that is in this instance shutter speed—are outside the available ranges.

If the shutter speed is given priority, the same modus operandi applies, with aperture being displayed and the same procedure adopted if this is beyond the camera's capabilities.

Manual mode is also available to the extent that it can be half manual or full manual, with extensive aid from the camera logic in the first instance.

More information from Japanese Cameras, Hempstalls Lane, Newcastle, Staffs., ST5 0SW. 0782 615131.

LOMBARD

A prime target for reform

BY COLIN JONES

AN APPROPRIATE New Year task for politicians is to give a hard cool look at the overlap between the tax and social security systems. Mr. Healey may now be cutting taxes but *there is still a very long way to go.* The income tax threshold is still appreciably below the minimum level of income support both for supplementary benefit and for family income supplement—which means, in the latter instance, that many receiving FIS are also paying tax. It is even below what all but a tiny handful of manual workers in full-time jobs now earn. Furthermore, the change from child tax allowances to child benefits is making the situation worse for families with children, and it is likely to go on deteriorating as long as personal income tax allowances are adjusted only for price changes while social security benefits are uprated in line with movements in earnings.

Nor is this all. The growing coverage and complexity of the tax and social security systems has been the main cause of the expansion of the civil service. The total number may have *levelled out in the past 18 months.* But the four departments raising taxes and paying benefits—Inland Revenue, Customs and Excise, Health and Social Security, and Employment—are still growing as fast as ever. As the table shows, these *four now have 72 per cent. more* staff than in 1965, whereas the number in the rest of Whitehall has on balance declined.

This increase does not exactly portray the growing administrative burden of the tax and social security transfer payment cycle, it is true. The four departments have other responsibilities, such as industrial training and the health service; and the current workload has been increased by the rise in unemployment. As against that, many of the benefits now available—and there are over 40 means-tested benefits alone—are handled by other central or local agencies.

Faith

But the point is clear enough. The Inland Revenue has had to take on more staff mainly in order to cope with the workload created by the decline in tax *thresholds—from 78 per cent. of* average manual earnings in 1965 to 43 per cent. now for the married man with two children paying the basic rate of tax, and from 3.2 times to 1.9 times average earnings for those paying the first higher rate (formerly surtax). Likewise, the substitution of VAT for purchase tax has been the main cause of the expansion at Customs and Excise.

Greater coverage *and complexity* have had a similar impact upon social security. When supplementary benefit replaced *national assistance* in 1966, it was hoped to reduce the need for discretionary payments, which are so labour intensive to administer, and for a time the attempt succeeded. But discretion has become as widespread as before. As the Supplementary Benefits Commission said in its last annual report, the scheme has survived only by constant additions in staff: the 12,000 officials taken over from the *NAB's local offices* have grown to almost 32,000 and, in all, administration now adds 11 per cent. to the cost of the *benefits paid out.*

The Commission is hoping that a review now under way will reveal ways of reducing the need for discretionary payments and so, in the short run, enable it to get by with about the same staff as now. For the longer run, *it is placing its faith in improved* contributory benefits—such as the new pensions scheme—to lift many off supplementary benefit. But, while *it may not* be easy to reconcile the conflicting needs of fairness and simplicity in social security, there is *surely scope for further simplification* of the income tax system.

That, and a substantial lifting of tax thresholds, are the essen*tial pre-conditions for any event*ual merger of the two systems in some kind of tax credit scheme. Raising thresholds will take time—*the married person's tax allow*ance would have to be increased by £800 to lift the basic threshold above the FIS entitlement *level. But it will have to be done.* For it is ridiculous to tax the working poor—and tax them relatively heavily—to help pay for the tax-free benefits of the non-employed poor. It is ludicrous that this should be one of the main reasons why we are employing more and more bureaucrats.

CIVIL SERVANTS

Department*	Jan. 1965 '000	Oct. 1977 '000	Inc. %
Inland Rev.	57	86	+ 51
Cust. & Ex.	16	29	+ 82
Health & S.S.	59	96	+ 63
Employment	21	52	+115
	153	263	+ 72
Defence	313	255	− 18
Others	197	223	+ 13
Total	663	741	+ 12

*Allowing for changes in, and transfers between, departments since 1965.

Dreaming of a white Michaelmas

GARDENS TO-DAY

BY ROBIN LANE FOX

CHRISTMAS may seem an odd moment at which to plant gladioli, but *Christmas, this year,* was extraordinarily warm. Of course, it was too late to put them in, but I was not passing *the time in an experiment with* those tall florists' gladioli which come into flower in autumn.

Those big gladioli would have to be staked. They are certainly best when cut and taken indoors. If you find their long spikes of flower too heavy for your flower vases, as many do, you will no doubt be tempted by the smaller butterfly varieties in the spring bulb catalogues which have begun to circulate.

I am not alone in finding these difficult to please for more than one year. This is not because I plant them in mid-December: this Christmas, I have been busy with an even smaller sort, the varieties of Mediterranean gladioli and those which are sometimes listed under the name *Gladiolus Nanus.* These, I can assure you, are far too little *known. They are not expensive.*

As often, a visit to another garden has stirred me into action. White gardens are everywhere nowadays, and as I ran through the plants in a pretty public one last summer, it seemed too easy to predict them.

Pink Mrs. Simkins, Iceberg roses, grey-leaved artemisia and the lamb's ear which does not flower, white dephinium Galahad, white campanulas, all of them excellent, *especially a long* flowering one sold as Alliarifulia Ivory Bells and the white variety of the good tall Lactiflora: all *these, and the glorious white* Musk Rose Pax, are the backbone for fashionable gardeners who want white borders to suggest a cool light round their weeping silver pear trees.

But who bothers with a small white gladiolus called The Bride? Yet in early July, I saw it used as a carpet, hundreds of white spikes above thin and elegant leaves about two feet high. It made me wonder how it had been brought about.

A nurseryman in Chelsea, Mr. Colville, first came up with it, by crossing a basic red gladiolus with a South African yellow, best seen in the wild in Natal. The results were not quite hardy in *open ground, but all of them* are pretty and noted for their early flowering.

In most years, The Bride would be past its best by the end of June. There is nothing difficult about growing their corms. They are available from any of the bigger and cheaper bulb-merchants such as Parkers, of Chester Road, Manchester. You have a choice, when you plant them.

Either you can put them two inches deep in a pot, six corms to a six-inch diameter, and bring the pots indoors from late November onwards, having planted them in early October.

Or you can risk them out of *doors, preferably in a sheltered* bed below a wall where they could be covered with straw or bracken when you fear a frost.

There is no special date at which they should be planted—any time from September until early April would not upset them. The later you plant them, the later they will flower.

Choosing Christmas, a season which left me time for the job, I have no doubt chosen the least promising moment. If there is to be a sharp frost, it will strike in the next month or two and upset the corms I have *just put* in the ground.

Spring would have been a better moment, but it is such a *busy season* that I would no doubt have forgotten to finish the job. If you want to take up the idea, there is still time for a March planting.

No variety is ugly, although the Bride, a pure white, is particularly pretty. Nymph and Blushing Bride are good companions, basically white, but with a reddish marking in their throats.

If you can still find Amanda Mahy, it is an unusually deep pink with a pretty violet-purple blotch in the centre. Grown in a pot, it is admirably strong.

As none of these plants exceed two feet in height, they will not topple forwards if you leave them indoors. They can be in*creased by division.* If you grow your own freesias, these will pose no problems, needing similar care.

Outdoors, I put much trust in the shelter of neighbours, a good guard against frost. The mounds of a Cistus and the winter leaves of an Acanthus must help, I feel, to shelter whatever goes underneath.

Perhaps you already grow the rose-purple wild corn lily, *Gladiolus Bizantinus,* that distinction of wild gardens, orchards or shrub rose beds in early summer.

Perhaps, too, you are luckier with those lovely green-flowered butterfly gladioli—Greenland and Green Woodpecker—than I am. But for those who have neither and want to fall in between, the Bride and her family are the ones for 1978.

King Weasel set for sixth win

RACING

BY DOMINIC WIGAN

THERE ARE small but select fields this afternoon at Doncaster, where there are fascinating two, three and four-runner races for the Blyth Chase, the Epworth Chase and the Tuxford Novices Chase.

By far the most valuable event on the South Yorkshire's Group One track is the Tuxford Chase, a two-mile event for five-year-olds and upwards, which, at the start of the season, have not won a chase.

Here Harry Thomson Jones's exhilarating though sometimes chancy jumper, Pavement Artist, will be trying to concede 7 lbs to his three opponents, the progressive Bawnogues, King Weasel (unbeaten in five races this season) and the now extremely moderate Timothy Jon.

My idea of the likely outcome is a victory for the safest jumper in the quartet, Jonjo O'Neill's mount, King Weasel. *This Mick Easterby-trained geld*ing, who has beaten such illustrious performers as Havanus, Checkov and Golden Express in *achieving his five successes* at Catterick, Wetherby, Newcastle, Teesside and Nottingham in the last 10 weeks, put up by far his most impressive performance to date at Nottingham last time out.

There King Weasel, taking his fences with customary ease and fluency, appeared to be going equally as well as the much vaunted Havanus when that rival blundered away his chance three fences from home.

Although there is no way of gauging the likely outcome but for that blunder (since both were going equally well) I have little doubt that King Weasel would have made a close race of it at the worst. If that is true he should prove up to gaining his most important victory of the campaign here.

I take him to win at the main expense of Pavement Artist, an extremely lucky winner at Ascot last time out, where Havanus—leading by all of 15 lengths—met the final obstacle in the Hurst Park Novices Chase all wrong.

Two other possible winners for O'Neill this afternoon are King Weasel's young stable companion, Drummossie, among the runners for the opening division of the Rawcliffe Novices Hurdle, and the Pat Rohan-trained Nice And Friendly, who goes for the second division of that event two hours later.

Severe gales in East Anglia early yesterday caused thousands of pounds worth of damage to several Newmarket yards, notably those of Doug Smith and William Hastings-Bass. However, no stable staff or horses were hurt.

Doug Smith lost the roof to his house—reported to have been "lifted clean away"—and the Marriott stables of Hastings-Bass suffered a wrecked barn and other extensive damage, including two flattened walls.

DONCASTER
1.15—Royal Frolic
1.45—Drummossie
2.15—Stublick
2.45—Winscombe
3.15—King Weasel***
3.45—Nice And Friendly*

AYR
1.15—Honegger**
1.45—Jack's Flutter
2.15—Glntop
3.15—Bobby Kempinskin

LINGFIELD
1.00—Sweet September
1.30—Gathering Storm
2.30—Ormonde Tudor
3.30—Mount Pelie

Help the Aged is hard up

Inflation has made Help the Aged "desperately short of money."

The director of the charity, Mr. Hugh Faulkner, said yesterday that last month, when it allocated all money immediately available, it still had requests for projects outstanding which would have taken a further £¼m.

The year's income in cash and kind rose from £5.1m. to £5.8m.

Supermarket defies council

A SUPERMARKET at Wellingborough, Northants, was still open yesterday although the local council ordered the company to quit the premises on December 31, *as the site is* to be developed.

The Hillards supermarket chain offered to increase its annual rent to the council from *£5,000 to £50,000, but this has* been turned down. Hillard claims that it is being victimised in favour of a new shopping complex nearby, and plans to appeal to the Environment Department.

TV/Radio

BBC 1

† Indicates programme in black and white

9.55 a.m. The Wombles. 10.00 Jackanory. 10.15 Boris the Bold. †10.20 White Horses. †10.45 Flash Gordon Conquers the Universe. 11.05 Elvis in "Roustabout." 12.45 p.m. News. 1.00 Pebble Mill. 1.45 Mister Men. 3.53 Regional News for England (except London). 3.55 Play School (as BBC-2 11.00 a.m.). 4.20 Touche Turtle (cartoon). 4.25 Jackanory. 4.40 Screen Test. 5.00 John Craven's Newsround. 5.05 A Traveller in Time. 5.35 Fred Basset.

5.40 News.
5.53 Nationwide (London and South-East only).
6.20 Nationwide.
6.50 Sykes.
7.20 "Five Weeks in a Balloon," starring Red Buttons, *Barbara Eden and Peter* Lorre.
9.00 News.
9.25 Last of the Summer Wine.
9.55 Year of the Horse 77: Review of the Equestrian Year.
10.45 To-night.
11.25 Weather/Regional News.

All Regions as BBC-1 except at the following times:—

Wales—5.05-5.35 p.m. Bilidowcar—Amazon. 5.55-6.20 Wales To-day. 6.50-7.10 Heddiw. 7.10 Trem. Trysorau'r Andes. †7.35-9.00 Film of the Book: "The Franchise *Affair*" *by Josephine Tey,* starring Michael Denison and Dulcie Gray. 11.25 News and Weather for Wales.

Scotland—5.55-6.20 p.m. Reporting Scotland. 11.25 News and Weather for Scotland.

Northern Ireland—3.53-3.55 p.m. *Northern Ireland News.* 5.55-6.20 Scene Around Six. 9.25-9.55 Spotlight on Northern Ireland affairs. 11.25 News and Weather for Northern Ireland.

England—5.55-6.20 p.m. Look East (Norwich); Look North (Leeds, Manchester, Newcastle); Midlands To-day (Birmingham); Points West (Bristol); South To-day (Southampton); Spotlight South-West (Plymouth).

BBC 2

10.20 a.m. Gharbar: Magazine for Asian families.
11.00 Play School.
6.25 News Headlines.
6.30 Planets.
7.20 Newsday.
8.10 Julian Bream Masterclass: "Suite Espanola" by Isaac Albeniz.
9.00 The Master Game.
9.30 Play of the Week.
10.25 Boat Show 78 from Earls Court.
11.10 The Light of Experience.
11.25 Late News on 2.
11.35-11.40 Closedown: Julian Glover reads "The Wounded Hawk," by Herbert Palmer.

LONDON

9.30 a.m. Cartoon Time. 9.40 Documentary: "Life on Junks." 10.10 Conquest of the Sea. 11.00 *Fireside Theatre. 11.50* Cartoon Time. 12.00 Here Comes Mumfie. 12.10 p.m. Rainbow. 12.30 Sounds of Britain. 1.00 News plus FT index. 1.20 Help! 1.30 Crown Court. 2.00 After Noon. 2.25 Hadleigh. 3.20 Heart To Heart. 3.50 The Sullivans. 4.20 Runaround. 4.45 Midnight is a Place. 5.15 Horses in our Blood.

5.45 News.
6.00 Thames at 6.
6.35 Crossroads.
7.00 This Is Your Life.
7.30 Coronation Street.
8.00 "Von Ryan's Express," starring Frank Sinatra and Trevor Howard.
10.00 News.
10.30 A Prime Minister on Prime Ministers.
11.00 Bless This House.
11.30 Snooker.
12.00 Night Gallery.
12.25 a.m. Close: Debby Cumming reads about famous men and women.

All IBA Regions as London except at the following times:—

ANGLIA

9.25 a.m. Woobinda—Animal Doctor. 9.50 A World Worth Keeping. 10.15 How. 10.40 Plymouth Rock. 11.05 Elaine, the Singer of the Song. 11.35 Nobody's House. 1.25 p.m. Anglia News. 2.00 Houseparty. 2.25 Mr. and Mrs. [illegible] About Anglia. [illegible] Life Museum. 11.00 A Prime Minister on Prime Ministers. [illegible] The Big Question.

ATV

9.55 a.m. Something Different. [illegible] They Own the Sky. [illegible] 11.00 ATV [illegible] Leicester. [illegible] Parsley. [illegible] Mr. and Mrs. [illegible] Ladies Night. [illegible] Masters Darts Championship. [illegible] Surgeon.

BORDER

9.50 a.m. A World Worth Keeping. 10.15 How. 10.40 Plymouth Rock. [illegible] the Singer of the Song. [illegible] House. [illegible] Houseparty. [illegible] 11.00 The [illegible] Grand Masters Darts Championships. †12.00 Border News Summary.

CHANNEL

1.18 p.m. Channel Lunchtime News and What's On Where. [illegible] 6.00 Channel News. [illegible] Dog Wonder. [illegible] 10.32 Rising [illegible] Minister on Prime Ministers. [illegible] Epilogue followed by News and Weather in French.

GRAMPIAN

9.40 a.m. First Thing. [illegible] Worth Keeping. [illegible] mouth Rock. [illegible] the Song. [illegible] Grampian [illegible] Grampian To-day. [illegible] Celebrity Concert. [illegible]

GRANADA

9.30 a.m. [illegible] Street. [illegible] 11.50 Reading [illegible] This is Your Right. [illegible] stanley's programme. [illegible] 6.00 Granada Reports. [illegible] Were Here [illegible] 11.55 George Hamilton IV.

HTV

9.50 a.m. A World Worth Keeping. 10.15 How. 10.40 Plymouth Rock. [illegible] the Singer of the Song. [illegible] House. 1.20 [illegible] 1.25 Report Wales Headlines. [illegible] Yourself. 5.15 Dodo the Space Kid. 5.20 Crossroads. 6.00 Report West. 6.15 Report Wales. 6.30 Wish You Were Here . . . ? 11.30 Celebrity Concert.

HTV Cymru/Wales—As HTV General Service except: 1.20-1.25 p.m. Penawdau Newyddion y Dydd. 4.20 Y Ci, y Gath A'r Radio. 4.30-4.45 Rolls-Royce. 6.00-6.15 Y Dydd.

HTV West—As HTV General Service except: 1.20-1.30 p.m. Report West Headlines. 6.15-6.30 Report West.

SCOTTISH

9.50 a.m. [illegible] 10.15 How. [illegible] Plymouth Rock. [illegible] Tay to [illegible] Nobody's House. [illegible] Report. [illegible] Crossroads. [illegible] Aweigh. [illegible] Company [illegible] Welcome [illegible] 11.50 Out of Town.

SOUTHERN

[illegible] 9.50 A World Worth Keeping. 10.40 [illegible] 11.35 Nobody's House. [illegible] Southern News. [illegible] 5.20 Crossroads. [illegible] Police Surgeon. [illegible] Southern News Extra. [illegible] Healthy Eating.

TYNE TEES

9.20 a.m. The Good Word followed by North East News Headlines. [illegible] Skippy. [illegible] A World Worth Keeping. 10.15 How. [illegible] the Beatles. [illegible] North East News and Lookaround. [illegible] Happy Days. [illegible] Bless This House. [illegible] A Prime Minister on Prime Ministers. [illegible] The Family. [illegible] Epilogue.

ULSTER

9.50 a.m. A World Worth Keeping. [illegible] 11.05 [illegible] 11.35 Nobody's House. [illegible] Lunchtime. 4.18 Ulster News Headlines. [illegible] The Lost Islands. [illegible] Ulster Television News. 6.05 Crossroads. [illegible] World Championship Darts. [illegible] followed by Bedtime.

WESTWARD

9.50 a.m. A World Worth Keeping. 10.15 How. [illegible] Murray Head. [illegible] the Singer of the Song. [illegible] 12.25 p.m. [illegible] Westward News Headlines. [illegible] Westward Diary. [illegible] Westward Late News. [illegible] A Prime Minister on Prime Ministers (Stanley Baldwin). [illegible] Faith for Life.

YORKSHIRE

9.45 Eye in Holland—Songs from Swedish American songs. [illegible] The Lost Islands. [illegible] 11.30 [illegible] News. [illegible] (Emley Moor and Belmont editions). [illegible] 1.00 The Odd Couple. [illegible]

RADIO 1 247m

(S) Stereophonic broadcast

6.00 a.m. As Radio 2. 7.02 Noel Edmonds. [illegible]

RADIO 2 1,500m and VHF

[illegible]

RADIO 3 464m, Stereo & VHF

[illegible]

RADIO 4 434m, 330m, 285m, and VHF

[illegible]

BBC Radio London 206m and 94.9 VHF

[illegible]

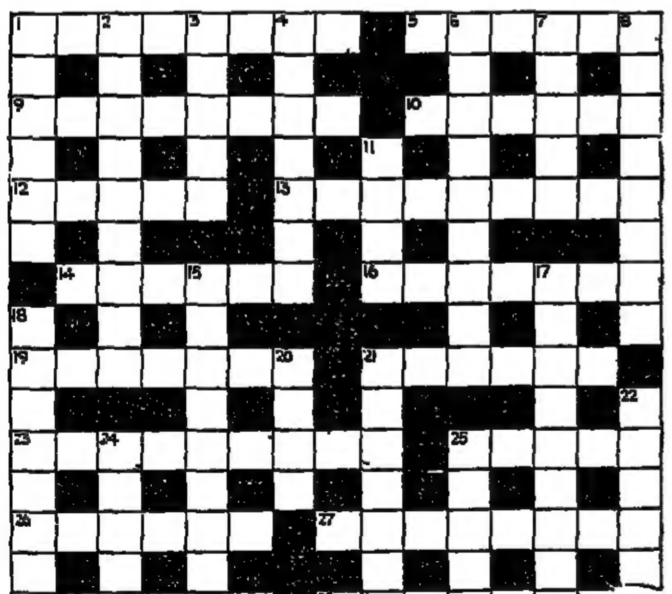
London Broadcasting 261m and 97.3 VHF

[illegible]

Capital Radio 194m and 95.8 VHF

[illegible]

F.T. CROSSWORD PUZZLE No. 3,558



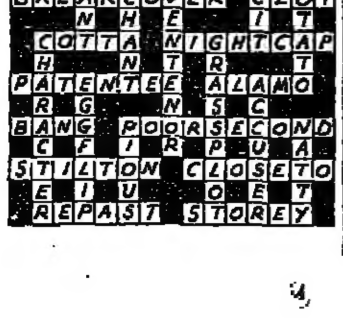
ACROSS

1 Had a nice change in South American ranch (8)
5 Protest about goal (6)
9 List changed into orderly sequence (8)
10 All one possesses—a broken tea-set? (6)
12 Contract in certain currencies (5)
13 Red Rum returns nothing to us—it's cruel (9)
14 Gasteropod that could be mine (6)
16 Mangle campanologist from the west (7)
19 Restricted as a company may be (7)
21 Pelf if misused can lead to worthless talk (6)
23 Where they play cricket for Kent initially gives tone to players (9)
25 Provide a seat for Mrs. Mopp about one (5)
26 Hugo's first winner (6)
27 Passing round dessert to monarch (8)
28 Soldiers seize a second attempt to make a film (6)
29 Oriental gets there with a learner and it's heavenly (8)

DOWN

1 A vicar in his type of tweed (6)
2 Schematic arrangement for a set of questions (9)
3 Come on stage in hidden terror (5)
4 Shoe-cleaner who is imposed upon (7)
6 Bachelor's substitute for architecture (3—6)
7 Time to follow and muse (5)
8 Tear apart certain riches (8)
11 Bird caught on line (4)
15 Irishman on church business of variegated pattern (9)
17 Stimulate into action and almost vanish in storm (9)
18 Lose one's footing on account of jumper? (8)
20 Cross set up in entrance (4)
21 Muffin and fish with bad service (7)
22 Thrifty girl is after hybrid fur (6)
24 Airman I follow in race, it's understood (5)
25 Boat made of cane with nothing added (5)

Solution to Puzzle No. 3,557



Television

New year shape

by CHRIS DUNKLEY

In one of the many collections of science fiction short stories from the early sixties there is a brief but memorable tale of an alien life form on a distant planet which somehow lays hands (or tentacles) on a reel of film from earth, and from it makes a whole series of deductions concerning the inhabitants and life on this world. The last line of the story reveals that the final frame of film has superimposed across it the words "The End. Walt Disney Productions Ltd."

One wonders what that same alien life form would make of this planet if, instead of a single Mickey Mouse cartoon, it managed to acquire the entire Christmas holiday schedules from British television for 1977, or indeed any of the last nine or ten years.

The general picture conveyed would be about as true to life as one of those snowy stagecoach-and-crinoline Christmas cards: it would communicate a hazy impression of British middle class society, existing in a condition of permanent hilarity, during an indeterminate period between the mid 19th and early 20th centuries.

The biologically vital question (to the alien research scientists) of gender would be thoroughly obscured by the seemingly obsessive determination of practically all Britain's male entertainers—from Dick Emery as a drag queen to Eric Sykes as Charley's Aunt—to dress up as women. Furthermore the British infatuation with animals and anthropomorphism would presumably lead to the most appalling misapprehensions about life on earth: after watching hours of the Cowardly Lion, Basil Brush, Emu, the ice skating chimps, Kermit and Miss Piggy, and a host of others, you could hardly blame the aliens if they concluded that the dominant life form on earth was an animal glove puppet.

However, television is nothing if not profluent and already memories of the programmes from this Christmas are merging into vague memories of all the other Christmases, while impressions of the New Year series begin to clarify.

For a start, the tail end of the holidays is being enlivened once again by the Royal Institution Annual Christmas Lectures to Young People on BBC2, this year called *Planets* and presented by Carl Sagan. Sagan is the American professor of astronomy and adviser to NASA who has the accent and delivery of Tom Lehrer and an irresistible enthusiasm for his subject, and who has popped up several times in the last year or two on *Horizon*, always refreshingly.

If his lectures are really understood by all the young children who are filling the Royal Institution lecture theatre, then we are *breeding a race* with super intellects. However, it is, as in previous years, the experiments and demonstrations which are so fascinating, and even such unscientific brains as mine can appreciate many of these.

In the first lecture Sagan and the RI arranged for one boy's greeting, "Hullo universe!" to be fed back in a ghostly echo to the lecture theatre after the time taken to get to and from the moon travelling at the speed of light (1½ seconds) and then Venus (several minutes later, dramatically interrupting the lecture) followed by the information that 4½ years would be needed to reach the nearest star.

The first lecture was actually based on the premise that an alien life form was studying earth for signs of intelligent life which, it turns out amazingly, only becomes truly apparent when you get down to a resolution of about 100 metres. (Ignoring evidence such as television signals carrying *The Generation Game* flashing out into space beyond Alpha Centauri, presumably.)

In 1978 space and alien life forms are clearly going to take over from God as television's favourite topic. Episode 1 of the futuristic BBC1 drama serial *Blake's Seven* was a little less authentic in feel and a little more derivative in plot and detail (the domed city, mental implantation, state-drugged water supplies) than one had hoped from Terry Nation, creator of *Survivors* and the Daleks.

What's more the look of the thing was more reminiscent of *Flash Gordon Conquers The Universe* (re-running gloriously every morning until to-day on BBC1) than *Space 1999*, say, or *Star Wars* or even *Alphaville* which achieved with real locations a futuristic atmosphere of a sort that television rarely if ever manages even with purpose built sets. An ominous sign, perhaps, of the effects of ever tighter BBC budgeting. Still, the human story already shows clear signs of becoming one of those compelling habits which form mileposts through the television week.

Quite without space connections, in fact completely down to earth, but with just as much power to form a habit (if brief; it has only six parts) is *Washington Behind Closed Doors*, BBC1's American serial adapted from John Ehrlichman's book. News of this was greeted in Britain with heavy sighing from those who felt that the Watergate saga had already been done to death by the televised committee hearings.

Yet the first three episodes have proved that when you lose the diffuseness characteristic of those hearings, the Watergate story becomes just as engrossing as *I Claudius*—and by no means dissimilar.

America has already produced an extremely good account of crooked presidential politics in Gore Vidal's *The Best Man* which became a most impressive film starring Lee Tracey and Henry Fonda. Episode 1 of *Doors* covered dangerously similar territory, yet stood the comparison remarkably well. Furthermore *Doors* has all the wicked attractions of real live people covered by the thinnest of disguises: a president known as "Dinky Dick Monckton" presents few problems of detection.

And on the subject (which we were, earlier) of sets, *Doors* shows the sort of money that the American commercial networks deal in by indulging in not only a replica of the entire White House Oval Office, but also the whole corridor leading up to it, so that the camera can dolly in one continuous movement up the corridor and across the office. Episode 3 had a mock-up of the interior of the presidential jet, Air Force 1; no cheap trick.

Over the years a somewhat patronising attitude towards American TV drama has developed in this country, but *Washington Behind Closed Doors* is very good television. It is going to be a difficult serial for anyone to better in 1978. In a large and impressive cast Robert Vaughn—so often wasted in mediocre roles—has stood out so far as the Haldeman figure Frank Flaherty, master of the mirthless smile.

In this New Year season ITV don't seem to have been quite so quick off the mark as the BBC who are clearly using the long modern Christmas holiday as a period in which to hook the viewing millions with introductory episodes of new series. There were a couple of new series from London Week-end last Friday, but neither one looked as though it would make television history.

Mind Your Language is obviously supposed to be funny since it is promoted as part of "The Comedy Hour." As it relies solely on xenophobia and racial differences for its gags, experience suggests it may very well acquire a sizeable audience. So did public hangings, however, and the feeding of Christians to lions.

The other new series is a follow-up to *The Avengers, The Protectors, The Sweeney* and umpteen other knock-down-drag-out tough guy series. The new one is called *The Professionals* and features three men from an imaginary body called CI5, headed by an "M" figure called Cowley, played incongruously by Hudson the butler. They are all licensed to duff you up and permitted to race their cars around building sites burning rubber off the tyres.

The BBC's decision to follow the Flying Squad in Thames Television's *Sweeney* with the Regional Crime Squad in their *Target* was unimaginative enough, but a third version in such a short time seems positively slavish.

The cult series of the new season will surely be David Collison's *Caught In Time* on BBC-2 which has gathered together a collection of home movies from the twenties and thirties. The introductory programme proved that these films not only have all the attractions of cinema newsreels, but in addition the marvellous illogicality of un-edited amateur film. (*Why* was the middle-aged man wrestling with the nurse on the grass?)

Those of us unborn at the time will be trying to assess from these old films whether there really was intelligent life on planet earth at that time.

Sally Knyvette and Gareth Thomas in "Blake's Seven" (BBC 1)

'Close Encounters of the Third Kind' chosen for Royal Film Performance

Close Encounters of the Third Kind, the new Steven Spielberg film, has been chosen for the Royal Film Performance to be held on March 13 next. The Queen and the Duke of Edinburgh will attend the performance at the Odeon, Leicester Square, to aid the Cinema and Television Benevolent Fund.

A Columbia/EMI presentation, *Close Encounters of the Third Kind* stars Richard Dreyfuss, Teri Garr, Melinda Dillon and Francois Truffaut. Its music was composed by John Williams.

The title is derived from science jargon. In this a close encounter of the first kind is the sighting of a UFO; a close encounter of the second kind is physical evidence after a sighting—a close encounter of the third kind involves actual contact between humans and extra-terrestrial beings.

FINANCIAL TIMES

BRACKEN HOUSE, 10, CANNON STREET, LONDON EC4P 4BY
Telex: Editorial 886341/2, 883897 Advertisements: 885033 Telegrams: Finantimo, London PS4
Telephone: 01-248 8000

For Share Index and Business News Summary in London, Birmingham, Liverpool and Manchester, Tel: 246 8026.

INTERNATIONAL AND BRITISH OFFICES

EDITORIAL OFFICES

Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922
Bonn: Presshaus 11/104 Heussallee 2-10 Telex 8869542 Tel: 210039
Brussels: 39 Rue Ducale. Telex 23283 Tel: 512-9037
Cairo: P.O. Box 2040. Tel: 938510
Dublin: 8 Fitzwilliam Square. Telex 5414 Tel: 785321
Edinburgh: 37 George Street. Telex 72484 Tel: 031-226 4120
Frankfurt: Im Sachsenlager 13. Telex 416263 Tel: 555730
Johannesburg: P.O. Box 2128. Telex 8-6257 Tel: 838-7545
Madrid: Espronceda 32, Madrid 3. Tel: 441 6772
Manchester: Queens House, Queen Street. Telex 666813 Tel: 061-834 9381
New York: 75 Rockefeller Plaza, N.Y. 10019. Telex 66390 Tel: (212) 541 4625
Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel. 236.5743.
Rome: Via della Mercede 55. Telex 61032 Tel: 678 3314
Stockholm: c/o Svenska Dagbladet, Raalambsvagen 7. Telex 17603 Tel: 50 60 88
Tehran: P.O. Box 11-1879. Telex 212634 Tel: 682698
Tokyo: 8th Floor, Nihon Keizai Shimbun Building, 1-9-5 Otemachi, Chiyoda-ku. Telex J 27104 Tel: 241 2920
Washington: Second Floor, 1325 E. Street, N.W., Washington D.C. 20004 Telex 440225 Tel: (202) 347 8676

ADVERTISEMENT OFFICES

Birmingham: George House, George Road. Telex 338650 Tel: 021-454 0922
Edinburgh: 37 George Street. Telex 72484 Tel: 031 226 4139
Frankfurt: Im Sachsenlager 13. Telex 16263 Tel: 554667
Leeds: Permanent House, The Headrow. Tel: 0532 454969
Manchester: Queens House, Queen Street. Telex 666813 Tel: 061-834 9381
New York: 75 Rockefeller Plaza, N.Y. 10019. Telex 423025 Tel: (212) 489 8300
Paris: 36 Rue du Sentier, 75002. Telex 220044 Tel: 236.86.01
Tokyo: Kasahara Building, 1-6-10 Uchikanda, Chiyoda-ku. Telex J27104 Tel: 295 4050

SUBSCRIPTIONS

Copies obtainable from newsagents and bookstalls worldwide or on regular subscription from Subscription Department, Financial Times, London.

Covent Garden

Die Fledermaus

by RONALD CRICHTON

Strauss's operetta comes back to Covent Garden after years and years of absence in a slap-up production by the Viennese Lindtberg backed by an evidently slap-up subsidy from the Girozentrale of Vienna and the Royal Opera House Trust. Among the many who have seen it already on TV, there may be not a few, familiar with *Die Fledermaus* in the theatre, who suffered pangs of apprehension in front of the box—they may be assured that most of the hoo-ha—the additional compering, the extra party numbers and so on required to put the work across to a world-wide audience on New Year's Eve, are stripped away, leaving a gleaming torso of a *Fledermaus* behind.

As the world knows by now, this *Fledermaus* has been fitted with new, polyglot dialogue by Gerhard Bronner, who has concocted a mixture of German (Viennese included), operatic Italian, basic French and a good deal of English. The lawyer

The Entertainment Guide is on Page 8

Falke, whose revenge for a silly prank motivates the story, becomes English for the occasion, thus permitting Benjamin Luxon both to help out with the story and to compere the second act revels, but the idea isn't applied consistently. Ryszard Karczykowski who sings Alfred, doesn't perform in Polish.

The polyglottery isn't as awful as it sounds, but the mish-mash is only mildly amusing. The lines left in the original German seemed on Monday night to draw as much and as genuine laughter.

The one who came off best (and who made the most of his few English lines) was Josef Meinrad, imported from the Burgtheater in Vienna to play Frosch, the drunken gaoler—praise be to this admired actor for remembering that even a character sozzled on Slivovitz need not confuse breadth of humour with undue length. The musical interpolations, which include a snatch of Wotan's farewell, are just forgivable. One of the spoken ones, a line from *Fidelio*, is not. Who allowed that one through?

Two big stars are new to their roles. Kiri te Kanawa is a gorgeous Rosalinde, as generous of voice in the delicious ensemble numbers as in the Csardas (why, in this multi-lingual company, doesn't she sing this in Hungarian, like Catherine Wilson in the Scottish opera version?). She lacks only the right warmth of mock-indignation for the untying of the imbroglio in the last act. Hermann Prey sings husband Eisenstein: his voice suits this music as well as any baritone will, and he is allowed his extra number ("Ach! wie so herrlich zu schauen") at Orlofsky's ball, where the velvety charm is applied with total justification.

The reason for using a baritone was presumably the casting of Orlofsky as a tenor. Robert Tear, with the look of a benign, tail-coated Lenin, carries it off bravely, but the removal of the useful layer of fantasy and principal-boy glamour a mezzo brings to the part makes the character more, not less, improbable. As the undoubted and indeed unquenchable tenor of the piece, Alfred, Ryszard Karczykowski sings agreeably, not outstandingly. Mr. Luxon comperes agreeably, too, but Falke as a character disappears. Michael Langdon, experienced pseudo-Austrian, booms affably away as Frank the prison governor. There is an accomplished Adele in Hildegard Heichele, a hefty soubrette who anticipated her company debut by stepping in as Susanna in the recent *Figaro*. She has the attack of a young Hermione Gingold.

The designer, Julia Trevelyan Oman, luxuriates as ever in period detail, massing it firmly while providing any amount of nice, Makart-style decoration to intrigue roving eyes during the blanker pages of the spoken dialogue. Perhaps Miss Oman's first two acts are a little too grand. *Fledermaus* can do with a suggestion of friendly seediness behind the outward show of elegance. What Viennese chic can be like was rather unwisely shown on TV by some shots of the Staatsoper ballet prancing round the grand foyer—a long, long way from the wit, style and observation of Ashton's new polka and waltz (this a *pas de deux* for Merle Park and Wayne Eagling). Both of these dances were a sharp reminder that ballet in opera need not be what it usually is.

Zubin Mehta is a brilliant opera conductor with the gift, not shared by all his distinguished colleagues, of bringing the tone of the Covent Garden orchestra forward however quietly they are playing. He is also a most adept accompanist. Yet something so far eludes him about this score—that Viennese ability to make it all seem second nature, off-the-cuff, easy as winking (yes, I am thinking of Clemens Krauss). None the less, there was some honeyed playing and the Covent Garden chorus, inspired one may suppose by the emission of all that brotherly sentiment, has found its splendid, corporate voice again.

Leonard Burt

Kiri Te Kanawa and Hermann Prey

Elizabeth Hall

Jessye Norman

by ELIZABETH FORBES

As 1978 is the 150th anniversary of the death of Schubert, the *Elizabeth Hall is devoting twelve* evenings during January to a Mainly Schubert series. The first programme, a Lieder recital on Sunday night by the American soprano Jessye Norman was entirely Schubert, and consisted of eighteen songs (plus one encore) of which nearly half were settings of poems by Goethe. Nearly a dozen years of Schubert's creative life were covered, from "Gretchen am Spinnrade," composed when he was seventeen, to "Lied der Mignon," dating from 1826, two years before his death.

Miss Norman seized her capacity audience by the scruff of its neck in the first song and did not let go until the last note of "An die Musik," her encore, had died away. The marvellous richness of her lower register, the clarion thrust of her top notes, the superb control of line and phrasing, the ability to colour her voice at will, the scrupulous care that every note should get its full value, that each syllable and consonant should be clearly articulated, her deep sincerity and determination to convey the meaning of a song's text, these were all displayed in the opening song, Klopstock's "Dem Unendlichen."

The Infinite One might well quake at being addressed in such a welter of thunder claps, gale-force winds and trumpet calls; Miss Norman's voice, any tiny cobweb or speck of dust blown away, emerged as pure, gleaming gold—and was at once subdued to the light, girlish tone appropriate to Scott's Ellen, for three of Schubert's settings from *The Lady of the Lake*. "Soldier, rest" and "Huntsman, rest" were delicately sketched and "Ave Maria" delivered as if in a trance of religious ecstasy. Just as the singer's use of gesture to attain an emotional state sometimes passes acceptable bounds, so occasionally her vocal interpretation overloads a song and swamps it.

"An die Musik" was one example of this, and in "Gretchen am Spinnrade" the rhythmic monotony of the spinning wheel was not allowed to produce its full effect; in compensation, the aching sense of deprivation at the memory of Faust's kiss was searing in its intensity. "Erster Verlust" was a perfect, and perfectly contained, expression of the splendours and miseries of first love, while "Auflosung" ardently celebrated the dissolution of bones and flesh in the fire of spiritual love The reiterated phrase "Geh unter, Welt" was literally hair-raising.

In gentler mood, Goethe's "Auf dem See" and "Meeres Stille," Stollberg's "An die Nature" and Lappe's "Im Abendrot" all breathed an awareness of the more tranquil beauties of nature and were sung with admirable command of tone and line. Mignon's Song was beautifully simple in presentation, while in "Der Tod und das Madchen" the Girl's entreaty contrasted strikingly with Death's hollow, disembodied answer.

Miss Norman's dramatic gifts were also legitimately used in "Erlkonig," where she produced a baritonal timbre for the Father, convincingly childish tones for the Son and a spectral voice for Death. Dalton Baldwin was the excellent, if over-reticent pianist.

Theatre Upstairs

Kreutzer Sonata

by B. A. YOUNG

Tolstoy's macabre short story, which David Sushet speaks from an armchair, a steaming tea-kettle at his elbow, concerns a man with two conflicting obsessions. He believes that all men are the victims of endless lust for women and that this lust, which he himself is subject to, is wicked and dirty.

Consequently his marriage (like Tolstoy's own) begins to go wrong very soon; and when, later in their life, his wife begins playing duets with a violinist friend, he assumes that her relationship with him must be a sexual one.

So one night, coming home unexpectedly from the country and finding them together, he seizes a dagger from the wall, chases the musician from the house, and stabs his wife to death. At his trial he is acquitted; was he not defending his honour?

The story is told as a monologue by this man on a long train journey, long after the events took place. Peter Farago, who directs, has made a gripping piece from it, using, I suspect, the uncensored *Samizdat* version of the story.

Mr. Suchet speaks it as a soliloquy rather than recounting it to a fellow-passenger in Tolstoy's way, so that not only are the railway sounds audible behind his voice, but we hear in the distance the very performance of Beethoven's Sonata that first stirred his anxiety. "How can that Kreutzer Sonata be played in a drawing room among ladies in low-necked dresses?" Tolstoy's alter ego asks indignantly.

Mr. Suchet brings the unhappy man to vivid life, with nervous gestures and nervous phrases bitten off short like the thoughts themselves, until he relapses into a terrible calm as he recalls the details of the killing. At the recollection of his wife on her deathbed, tears well into his eyes and stream down his cheeks. The performance is a remarkable one. *It plays 70 minutes without an interval.*

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 886341/2, 883897
Telephone: 01-248 8000
Wednesday January 4 1978

Restoring the spending vote

IN A BRIEF but important discussion just before the Christmas recess the Chairman of the Public Accounts Committee, Mr. Edward du Cann, renewed the call already made by his Committee and by the Expenditure Committee for a unification of the historic system of supply votes, through which Parliament theoretically controls public expenditure, and the new system of cash limits, through which the Government actually controls two thirds of it. It now appears that the Treasury is ready to move in this direction shortly. It can hardly move too fast.

Ineffective

The discussion in Parliament was extraordinary, because this brief exchange — four speeches, occupying 23 pages of Hansard —was the first occasion on which cash limits had been debated on the floor of the House. In the two years since this crucially important innovation was introduced, it has been discussed only by specialist committees. The situation being discussed was equally extraordinary, because the effective control over a large part of public expenditure — one of the two great powers by which Parliament has historically controlled the executive — has become almost entirely ineffective. The House holds one, generally bemused debate on the White Paper on public expenditure, which presents a five-year-plan in "real" terms — and decidedly confusing ones — and is not a control document at all. It votes the money to support these programmes at current prices, as if there were no inflation, and subsequently faces a series of supplementary votes to make up for the inflation of costs. These are passed on the nod.

At no time in all this rigmarole are MPs presented either with a programme for spending which enables them to compare the actual sums likely to be spent, so that they can contribute sensibly to the discussion of priorities and costs, nor with a series of supplementaries which distinguishes clearly between changes which are general and inevitable, and changes which are the result of new policies, or of failure in control. The cash limits which represent the Government's system of control in cost terms are not offered for a vote; any subsequent revision of those limits is authorised, *without publicity, by the* Cabinet.

The need for a more realistic system hardly needs to be argued. In Parliament Mr. Denzil Davies, Minister of State at the Treasury, put forward the odd notion that it would somehow be improper to ask Parliament to endorse the pay projections which are necessarily embodied in the cash limits, raising the fact that it has no Parliamentary sanction for its present policy to a constitutional principle.

It now seems clear that this was no more than a debating point and that Parliament should before long have a chance to discuss the important difficulties involved in offering *a series of cash limits for a* vote. The real substance of the point raised by Mr. Davies is *whether it is desirable to ask* the House to vote on a cash limit for the full year, which *contains an implicit inflation* forecast for the full year, or whether perhaps only a proportion of the money should be voted at the beginning of a financial year, so that the limits can later be reviewed in the light of experience.

The second point is how far Parliament should be asked to swallow without question the different inflation forecasts at present built into each programme, to take account of what is called the relative price effect. If the level of service is sacrosanct, the RPE must be financed; but if costs are to be controlled, it must be questioned.

Proper system

A third point, which was not raised in the discussion, is where the Parliamentary time is to be found to debate the many questions raised by the expenditure programme in the detail they deserve. At the very least, Supply Days in the house might have to be devoted wholly to supply. If the result was to reduce the time available for legislation many people — including, one might well suspect, the present Prime Minister — would consider this an additional advantage of a proper system of Parliamentary spending control — and not its smallest advantage, either.

Coal as well as peace

IT SEEMED to be a defeat for the Government's pay policy as well as for the National Coal Board when the miners' union decided, first at its annual conference and subsequently in a national ballot, to turn down the Board's production incentive proposals in favour of a flat and exceedingly large wage claim. Early last month, however, the union executive effectively reversed this decision by ruling that incentive schemes could be introduced on a local rather than a national basis. Opinion has swung heavily in favour of such schemes since then, especially since the failure of an appeal to the High Court to find the executive's action unconstitutional, and even those areas most opposed may come round when they see others getting more money than themselves. Of the three which took the unsuccessful legal action, Kent began to vote on the issue yesterday and South Wales does so next week: Yorkshire is holding its hand for the time being.

For all the strong feelings generated by the issue of incentive schemes, it is at the moment quite impossible to gauge their practical effect. The opponents have argued that the Board is proposing a return to simple piece rates. That is not the case. Targets are to be worked out for each pit according to its individual characteristics and incentive payments are to be related to these targets.

Productivity

Although these targets are now being worked out, where the men have voted for incentive schemes, between local Board and union officials, nobody can tell until the process is complete how much harder the miners will have to work to earn how much more extra money. It is undoubtedly true that the idea of an incentive *scheme was supported by the* Government as a way of recognising the miners' claim to be a *special* case without giving them a large increase in basic pay. It might be assumed, therefore, that the targets will be set at a level where a good many miners will get more money at once without having to produce much more coal for it.

This would almost certainly *be too cynical an assumption.* The Coal Board is out to get a major increase in output and is hoping for an increase in productivity of perhaps 15 per cent. The reason is straightforward. In 1974 the Government agreed with the Board and the union to finance a major expansion of the industry in return for the introduction of an effective incentive scheme. But the union refused then to accept anything more than the idea that any national improvement in productivity should entitle all mineworkers to extra pay: and productivity, as a result, has fallen steadily. If the new in*centive proposals* were to have as disappointing a result, the future of the expansion plan would be put in serious doubt, as the Prime Minister hinted this week-end. The Government, like the Coal Board, wants more coal as well as industrial peace.

Alternative

It will be interesting to see how much these two aims conflict with one another over the years—how difficult it will be, in other words, to set targets for an individual pit which are regarded as fair not only by those who work in it but also by those who work in other pits. One of the arguments most insistently advanced by union leaders opposed to incentive *schemes was that they would* tend to be divisive and weaken the cohesiveness which has been established since 1966, when a system of piece rates was replaced by the flat-rate which has been the rule from then until now. But in some firms (British Leyland is a notable example) there seems to *be a tendency to alternate from* decade to decade between one system of payment and another, *presumably because of shifting* preferences among the workers. The Coal Board seems to have been *right* in thinking that a majority of miners are at present in favour of an incentive scheme. Once this is established, it will have to be on the watch for another change of mood.

Why Europe should go all out for fast breeder reactors

BY ALAN COTTRELL

THE ENERGY crisis four years ago was due to the *sudden switch from low-price* to *high-price* fuel. The energy crisis for the next 40 years will be due to the gradual but inexorable shift from *low-cost* to *high-cost* fuel. The last crisis was political and financial, the next will be mainly technological and industrial. To deal with it, gigantic amounts of new investment will be needed; and also time, to bring new energy industries into being. For most of Europe, the coming energy crisis will be upon it much too quickly to allow this.

A country's energy needs rise with its Gross National Product. At present, the requirement is about 1 barrel of oil, or the equivalent in other forms of energy, for each $100 of GNP. When oil cost only $2 a barrel, this meant that a country could satisfy its energy needs from about 2 per cent. of its GNP. But to-day's high energy prices make much larger holes in *national* economies. The shock of the $10 per barrel rise in oil prices in 1974, followed by *other energy price increases,* obliterated growth in the consumer countries for two years *and left their economies in a* prolonged state of recession, as is particularly evident in the *present crisis in the steel in*dustry.

The relation between energy *consumption* and GNP *is not* absolutely fixed, of course. Switzerland and Sweden achieve almost as much GNP, *per capita,* as the U.S. and Canada, on only about half the energy consumption. Britain's poor *showing on* this basis—taking twice as much energy as France, per unit of GNP, and *nearly 1¼ times* that of West Germany—is probably less due to profligacy than to *poor industrial productivity.*

In the course of time, the energy/GNP *ratio can be re*duced through energy conservation. It is usually easy to save the first 10 *per cent., but very* hard to push the figure beyond 20 or 25 per cent. In any case, *a lot of time is needed to bring* about the necessary changes in social habits and industrial *practices. The recently an*nounced plans of the Department of Industry, that is to save *£700m. a year of energy con*sumption through better insulation of buildings, are aimed at 1987. *The EEC's target is to* conserve 15 per cent. energy by 1985. Averaging about 2 per cent. *a year, this would offset* only half of the extra energy demand required to cover a 4 per cent. *per annum growth of* GNP.

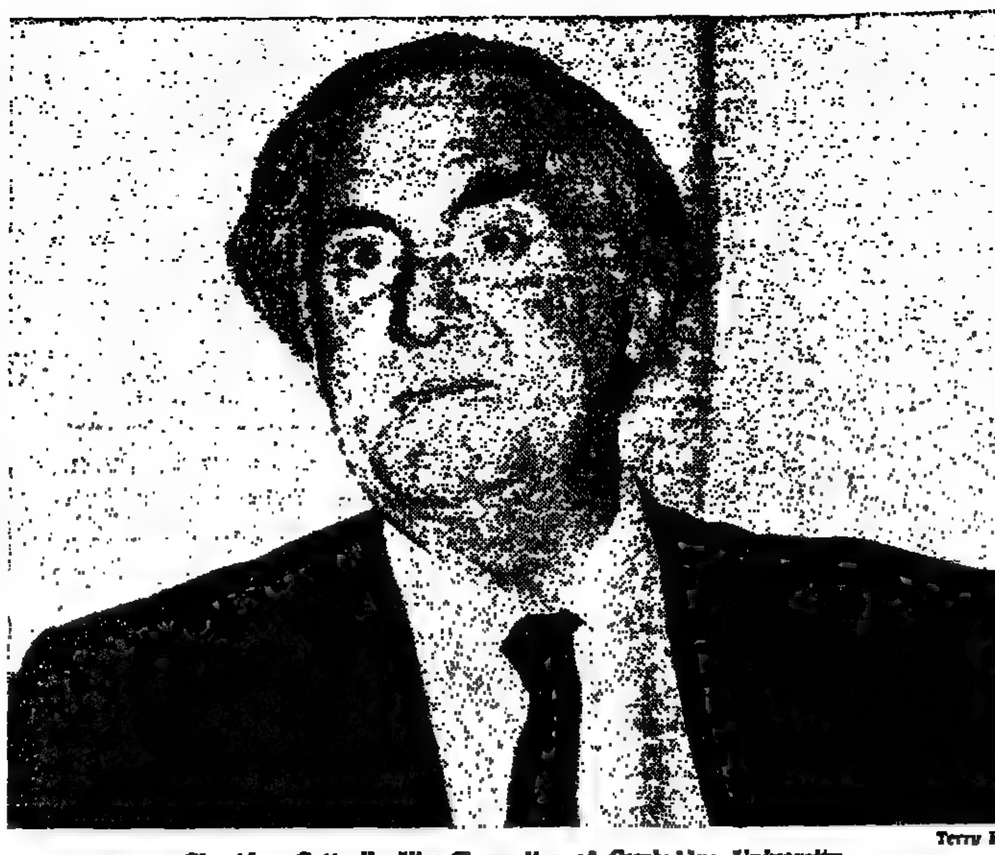
With growth of at least this *magnitude seen as the only* way to hold back unemployment over the next decade, most *Governments are committed to* general economic policies which imply large future increases in *the consumption of energy. In* fact, in spite of the oil shock of 1974, the OECD countries are now more dependent upon imported energy than ever before. *West Germany imports well* over half of its energy; France and Italy, threequarters; Belgium, Ireland and Denmark, still larger proportions. Almost unbelievably, even the U.S. has increased its oil imports from about one-quarter of its total oil in 1970 to nearly half to-day. The North Sea has of course transformed the position for Britain, Holland and Norway, and it is expected that, in the early 1980s, Britain will be the world's only large developed country in a position to export energy.

The North Sea, together with similarly new developments in Alaska and Mexico, *should be* able to meet the likely increases of world oil requirements, total*ling about 5m. barrels per day,* until about 1980. There is in fact even a small surplus of *world oil production at the* moment. But after 1980 the inexorably growing demand for oil *will catch* up with production again and the pressure will come back on OPEC, especially Saudi Arabia, to increase its output.

The OECD estimated last year, in its World Energy Outlook, that if their economies grow at 4 per cent. a year the OECD countries would by 1985 need a total energy equivalent to over 100m. barrels a day, which dwarfs the likely maximum North Sea output of about 4m. *b/d.* It is disappointing that, despite the attractive new commercial opportunities open to producers, stemming from the spectacular rise of energy prices, the OECD group is continuing to become more dependent, not less, on imported energy, which now provides one-third of its total requirement. Particularly disturbing in this is the loss of self-sufficiency by the U.S., where the domestic oil production has dropped 13 per cent. below the 1970 peak and the national gas production has declined 12 per cent. since 1974.

Depreciating dollars

According to its estimates, *the OECD group will have to* import some 35m. b/d of energy by 1985, whereas OPEC is un*likely to be able to produce* more than 38m. b/d. But that is only the start of the prob*lem. There is a lot to be said,* from OPEC's point of view, for restricting production, on the *basis that oil in the ground is* of greater long-term value than a surplus of depreciating dol*lars in the bank. At the same* time, if growth goes on, then OECD's needs for energy can *only go up and up.* Its estimated imports for 1990 are 40m. b/d; and by the turn of *the century even Britain may* have to join the queue of energy importers once more.



Sir Alan Cottrell—Vice-Chancellor of Cambridge University. Terry Kirk

In whatever way one looks at it, a real gap between world supplies and needs will begin to open up in the 1980s. If OPEC is unwilling or unable to meet the ever-growing demand, going on from there into the next century, what will happen? The U.S. could, I suppose, still get by if it had to, since imported oil still provides only about one-fifth of its total energy consumption, and since it has plenty of opportunities for energy conservation and for extracting more oil from local sources.

But what about Western Europe? The North Sea at best could only meet about a quarter of its oil needs in 1985. It would be unrealistic to think of Western Europe providing more than about one-quarter of its energy from its own coal. Indigeneous natural gas supplies also are unlikely to meet *more than about two-thirds of* the demand for gas in the 1980s. The energy figures *simply do not add up, for* Western Europe in the closing years of this century. Yet, when *it comes to pass,* balance they somehow will, even if it means that Europe is forced into a bed *of Procrustes.*

What is to be done? If there were 40 years in which to solve *the problem there would be* time—just about, with a vigorous programme started *now—to create major alterna*tive energy industries, to take over when the present oil runs out. The North Sea *has in fact* given Britain exactly such a golden opportunity, but it is *most dismaying to see these few* precious years being thrown away by the lack of planning to meet the coming energy crisis.

Where such actions could make sense, here in Britain, they are not being taken. Where they cannot solve the far more imminent problem, as in much of Western Europe, they are being taken. Given 40 years or so, to build up large nuclear and other programmes, the energy problem could be solved, with difficulty. But, on a timescale of 10 years, it is plainly impossible.

The most that can be hoped for, in the 1980s, is that Western Europe's overall energy imports do not rise above the present level, equivalent to some 14m. b/d. The main basis for this hope lies in North Sea oil, the output of which is expected to peak then. North Sea gas will also make a steady contribution. Coal and nuclear energy are less promising. Despite the Coal Board's plans and the Government's support, the output of coal in Britain dropped last year to only 122m. tons. Even if the 1985 target of 135m. tons could be achieved, the effect is likely to me nullified, so far as Europe is concerned, by an expected further decline in West Germany's output of hard coal.

As regards nuclear energy, Europe's plans for a great programme have now faltered badly, particularly in Germany, under the pressure of skilfully planned and sometimes violent political agitation. Other energy sources, such as hydroelectricity, and solar, wind, wave and geothermal energy, could only make trifling contributions for many years to come.

A continuing massive importation of energy, equivalent to at least 14m. *b/d, is thus in*escapable for West Europe (but not for Britain; and it will be disgraceful if, through indecision, timidity and idleness now, Britain becomes a large energy importer once more, at the end of the century). The drain on external payments will be gigantic, reaching the order of $100bn. annually as the world approaches the era of high-cost fuel.

High-cost energy

Unless there is a political disaster, it seems likely that high-price fuel will still be available on world markets, for Europe to buy if it can. The limited capability of OPEC to meet the growing demands of the future is only one half of the story. The other half con*cerns all the new supplies of* high-cost energy which, in the course of time, could come on *to world markets at, say,* $20 a barrel (to-day's prices). Increased extraction from existing oil wells, including those at present of marginal economic value; oil from shales and tar *sands; new and distant coal*fields, for example, in Australia and South Africa; synthetic *natural-gas from coal: all these* and other additional energy sources could become large *additional contributors in a* world of high-cost fuel.

There seems to be no escape *for Western Europe (and other* developed countries) from having to set aside some 10 to 15 *per cent. of GNP for energy,* from now onwards. It also seems unavoidable that half of this will have to be spent overseas, on imported fuel, for several years to come. What options does Europe then have, in energy policy? There is no physical shortage of energy in the world. We could fully meet our needs, but only at high cost.

There are two quite different ways of going about this. The first is to pay the high fuel prices necessary to bring forth the high-cost sources. The trouble for Europe is that this largely means paying out on world markets, to buy fuel from abroad. The alternative—although it takes time to develop —is to invest in capital equipment designed to cut the fuel bills. The advantage here of course is that the money can then be spent at home, in one's own industry, and additional jobs created with it.

These schemes for capital investment fall into two groups. In the first are those for energy conservation, ranging from the simplicity of warm clothing, lagging of buildings, housekeeping in industry, and bicycles and public transport, to the complexity of district heating, combined heat and power systems, regenerative equipment, and heat pumps. The great advantage of many of these conservation schemes is that they could be brought in quickly, given a more vigorous policy than at present, to make an impact early in the 1980s. Some can also give an excellent return, in terms of energy saved per pound spent. It should be an over-riding responsibility of European governments to go all out for energy conservation.

The second group of investment schemes is intended to tap the earth's really huge energy sources; for example through solar and nuclear energy, water, wind, and geothermal power. Among these, there is only one solid candidate at the present time—the breeder nuclear reactor. While it is right to press on vigorously with research into other possible new energy sources for the future, the fact is that the only technically and economically assured major new energy supply, which could be fully available on a large scale to Europe within the next 40 years, is electricity from breeder reactors.

Non-breeder reactors, such as those in use to-day, cannot provide this assurance, because their nuclear fuel supplies will, without breeding, soon become severely limited. The other alternatives are either too small or too speculative to form a basis for a responsible new energy policy. As with energy conservation, it should be an over-riding responsibility of European governments to go all out for breeder nuclear power.

Sir Alan Cottrell, Master of Jesus College, Cambridge, was recently appointed Vice-Chancellor of the University. He is a metallurgist and from 1971 to 1974 was Chief Scientific Adviser to the British Government.

MEN AND MATTERS

Job on the State gusher

Lord Balogh's decision to retire from his post as deputy chairman of the British National Oil Corporation does not mean that he is severing all links with the body he fought so hard to get established. *He will be staying* on as economic advisor and continue to work three or four days a week.

But the creation of a vacancy in the highest echelons of BNOC is expected to open up a fierce political and inter-departmental debate over the right man for the job. He will have to be a very tough individual indeed if he is to make his mark alongside Lord Kearton, who has a reputation for running BNOC with the same sort of tight control which he showed at Courtaulds. This is particularly true if Balogh's successor is chosen with an eye to his succeeding Kearton as chairman when Kearton—who is 67 next month—also decides to bow out from a job so intimately connected with Britain's economic hopes for *the next couple of decades.*

BNOC is, of course, still a very youn ganimal and Kearton is obviously enjoying the challenge of building up a major state presence in the oil explora*tion and production field.* A Labour victory at the next elections would ensure strong political backing for the continuation of this process. But there is still enough doubt over the likely election result to ensure that whoever is eventually chosen to replace Balogh will not only be a highly experienced oilman, but also someone schooled in the finer art of political in-fighting and corporate self-preservation.

Balogh himself is full of praise for Kearton: "Although BNOC is still a fledging it is making a major contribution to the off-shore industry. It has made fantastic progress under Lor dKearton — I don't think anybody else could have done it," he said yesterday.

As former economic adviser to Harold Wilson, the 72-year-old Balogh is no stranger to *deep thoughts on the wider* implications of economic policy decisions. But he is also aware *that energy forecasts are the* graveyard of economists' reputations. A long-time believer in the idea that the oil companies deliberately and systematically underestimate any oil find they are currently involved in, Balogh has latterly come around to the view that the most optimistic assessments of potential new finds in the North Sea and elsewhere are too high.

But his conviction that Britain's new oil wealth must be re-invested to build up the industrial base at home and not *invested overseas remains* unshakable.

"Of course, Minister, an extra 5 per cent. in the pay packet might be acceptable as long as it is in triplicate!"

Border watch

The escape into Lesotho by banned editor Donald Woods focuses attention upon the sensitive status of the three former British protectorates who share borders with South Africa. Serving as getaway routes for *refugees* means that Lesotho, Botswana and Swaziland must take calculated risks; decisions are often related to the political leanings of both fugitives and temporary hosts.

There have been cases of wanted men being hauled back to South Africa from Swaziland —which is anxious through its own internal uncertainties to keep on good terms with Pretoria.

What this means is shown by the Swaziland Passport (Amendment) Order 1977, which is retroactively effective to January 1 last year, and makes it a crime for any person to leave Swaziland without a passport either issued or recognised by the local security service. Anyone caught doing so is liable to be punished as if guilty of treason.

The clear assumption is that anyone trying to leave Swaziland illegally intends to become a guerilla. With this in mind, the order imposes on the accused the obligation of having to prove that he "did not intend joining the armed forces in a foreign country or to undergo military training there." Lawyers consider that the order *applies equally to Swazis and* to foreigners — who will almost invariably be refugees from South Africa.

Bang off target

If Peter Walker means to promote himself as the Tories' *sharp-shooter,* he will have to watch out that the bullets do not ricochet so often. Yesterday Mr. Walker *distributed in* advance the speech with which last night he clearly meant to stir the blood of a farming audience in Pershore, Worcestershire. One headline-seeking paragraph proclaimed: "John Silkin's salary should be stopped immediately. It is the Irish and the Danes who should be paying his salary, for it is their agriculture he is expanding."

Sad for Mr. Walker that Mr. Silkin has never taken his ministerial salary, which would total £16,000 if he did. The *Cabinet* has an establishment for "17 ministers of the first rank" (in status, not ability, which is *another story*), and when a reorganisation put it two over the top, Silkin and Harold Lever, neither of whom is exactly impoverished, volunteered to forgo their bit extra. Nevertheless, Silkin labours away at the Ministry of Agriculture for no more than his MP's salary (£6,270) plus £3,500 secretarial allowance. Surely Mr. Walker does not suggest the Danes and the Irish should pay that?

Read that again

As any hardened reader of government handouts will *vouchsafe,* reading between the lines is usually more important than a straight perusal of the words them*selves. Occasionally,* however, the occasional Freudian slip sheds a beam of light on the inner workings of the bureaucratic mind. One such example comes from the Department of Prices and Consumer Protection and reads as follows — "Mr. Roy Hattersley . . . will be visiting the U.S. from *Tuesday,* January 3 to Friday, January 6, to discuss general aspects of competition and *counter-information policy* with officials of the American Administration."

It goes on to say that he will be in New York on Thursday, where he will speak on "The U.K. and North Sea Oil" at a Press luncheon organised by the British Information Service. I just thought I'd let them know what to expect.

Observer

هكذا من الأصل

The threat to farmers

By JOHN CHERRINGTON, Agriculture Correspondent

"WHO OWNS the nation's land?" is becoming an emotive issue among farmers. They feel that their future, or that of their children, is being threatened by three things in particular. These are: capital taxation; the purchase of land by institutions—insurance companies, pension funds and investment trusts — and by foreigners; and the installation of farm managers instead of tenants by these interests. In addition, tenancies are very hard to get anyway, and are likely to become even scarcer.

It was in response to these protests that Mr. John Silkin, the Minister of Agriculture, set up a Committee under Lord Northfield to explore the situation. Lord Northfield held the first of a number of public meetings in Chelmsford recently when the 70 or more farmers present gave vent to their anxieties on all these scores.

There is no doubt that changes are being forced on the pattern of landowning. Until about 15 years ago it was possible to buy or rent a farm at a cost which would not look too outrageous in economic terms. About £100 an acre would buy reasonable land in many districts and long-term loans through the Agricultural Mortgage Corporation were to be had at around 6½ per cent. To-day similar farms are costing the best part of £1,000 an acre and a fixed AMC loan costs 12½ per cent.

There is no way in which general farming can possibly justify this degree of capital investment, which effectively prevents individuals even with substantial capital assets from starting farming. But the increase in land values has a much more serious effect on those already farming. If a farmer should die possessed of any substantial acreage and farming stock, his liability under Capital Transfer Tax could be crippling, in spite of the concessions which effectively give relief of around 50 per cent. to farming and other small businesses.

Family trusts

For instance, according to sales reported, farm land has increased in value by about £200 an acre since the beginning of last year. So the owner of 300 acres will find his property has appreciated by £60,000. Even if he qualifies for 50 per cent. tax relief his successors will have to find the money to pay the CTT on an extra £30,000. If an owner-occupier dies, his estate is usually valued at vacant possession value, as determined by sales on the open market. If on the other hand the land is let, the valuation has to take into account the rental value of the holding which produces a very much lower figure.

For this reason many farms are held in family trusts or by other arrangements, which ensure this lower valuation, and the trend is almost certain to continue. Nevertheless even with this assistance the cost of CTT could be a very serious load on the viability of the farm in the future.

Farmers are particularly aggrieved that the institutions have no such taxes to pay on the farm land they own, that the institutions' land can therefore "continue forever" and that the chances for an individual to enter farming are correspondingly reduced. They feel that in the end, in spite of the budgetary concessions, they or their families will have to leave the land.

The rising cost of land is not the fault of institutions alone by any means. According to sales reports, the major proportion of land sold is still to other farmers seeking to expand their acreages. Purchases by foreigners are negligible. The highest proportion I have seen for institutional purchase of the land on offer in one three month period was 20 per cent. This means that the major thrust to the market must be coming from farmers. Where the institutions have really made an impact is in the purchase of good land, particularly in the arable areas of East Anglia. For the past five or six years this has been the most profitable sector and their advisers have chosen well.

How much further this trend will continue is difficult to estimate. The amount of money seeking investment in the hands of the institutions is enormous. Even if only 0.6 per cent. annually is devoted to agriculture this could amount to £50m. for the 1 or 2 per cent. of the county's land which is marketed annually. The institutions can afford to wait a long time for capital appreciation, or for farm profits to improve.

About 40 per cent. of the country's farms are let by private landlords. The tenants and their families can have absolute security for at least two generations as long as they keep to the terms of their agreements and farm the land well. This security of tenure is a vexed question with landlords. Farming is much more profitable now than it used to be, and many landlords would like to be involved themselves.

Present taxation policy discriminates against the private landlords. They do not enjoy the relief from CTT available to farmers, and their rents are classed as investment income and subject to its surcharge. Because of these disabilities only a tiny minority of private landlords issue fresh tenancies when farms become vacant. In consequence there is great difficulty in finding farms for young men to start farming. Most large farmers, it is claimed, started as tenants.

However, some farms are still being let by institutions and a few private landlords, and there is some letting on a partnership basis. This last does not involve a fixed tenancy and gives the landlord an involvement in the actual farming profit or loss.

What is forgotten is that farming is never easy to get into when times are good. Most of the established families farming to-day started in the depression between the wars when landlords were at their wits' end to let their farms. At that time the whole of Hampshire and many other arable counties could have been bought for less than £20 an acre.

Tax burdens

At the turn of the century only 10 per cent. of farm land was held by owner-occupiers. The balance was tenanted. Owners farm about 50 per cent. of the land to-day. Ironically some of those who are making the greatest fuss about being forced to sell or give up their farms are individuals or their sons who benefited in the past from the depression and death duties, which severely reduced the old landowning classes.

Comparisons, with Europe show that British farmers and landowners are at a serious tax disadvantage. Only in Denmark are succession taxes pitched at anything like the British scale. On the other hand there is a free market in land here which makes it possible for anyone with the money to bid and buy land—something which is almost impossible in most EEC countries, where farm size is deliberately restricted to a family holding.

Legislation is now before Parliament in France which—if enacted—will make it impossible for anyone to have more than what could be termed a one-man family farm for livestock production. This has come about because the French farmers fear the creation of the sort of massive intensive units which have become quite commonplace in Britain.

Such legislation is unlikely in Britain if only because at the moment there is no real demand for it among farmers. Our farmers are free enterprise, competitive characters and they do not wish to live in a world where expansion, which few achieve, is no longer open to them. Many would feel frustrated if they knew they could never aspire to more than a one or two-man holding on the European model. The fact that such holdings can, at EEC agricultural prices provide their operators with a very comfortable living, is beside the point.

However, it is probable that present taxation, and the limitation of CTT relief to a sum of £250,000 or 1,000 acres whichever is the larger, will tend to keep individual land holdings smaller than at present. One farmer told Lord Northfield's Committee that the cost of passing on his own 500 acre farm had now risen to £250,000 following land sales near him at over £1,500 an acre.

Will the price of land, which is the villain in farmers' eyes, go on rising? No one knows, but there is some evidence that it might. First of all, as Mark Twain once said, no one is making it any more. Also, between 40,000 and 50,000 acres are being lost to farming every year for providing roads and building land.

It is probable that the earnings from farming at present and from projected prices of produce would only justify land prices of about half the present levels for the best land, and a good deal less for the worst. High land prices in relation to earnings are a feature in most of the EEC member States and reflect the determination of farmers to hold onto their farms and increase their size if they can, from the small amounts of land which come on the market.

Institutions will probably go on buying, not from any knowledge of agricultural economics, but because land is an investment which over the last 30 years has shown a far better rate of growth and defence against inflation than almost any other security. It could be said, however, that some of the appreciation in value has been due to their own continuing investment in a scarce commodity.

Is the present situation harming farming? Hard as it may be for some farmers to stomach, it does not make much difference to production who farms the land, whether it be an institution through managers, or individual farmers. Some institutions claim that they provide a better avenue for a farming career than do individual farms. This is true, but they do not provide self employment, which basically is what most farmers want.

What can be done about it? The simplest way out (if any government thought it desirable) would be to value holdings for CTT not on their vacant possession value but on a rental or earning basis. Only if they were sold subsequently should they incur the full imposition of tax.

Alternatively some land could be handed over to the State in payment of CTT, and then be rented back. Staunch Conservatives that they are, farmers would hate their land to be nationalised. But they would probably compromise with their principles in order to keep possession of their holdings, for themselves and their families.

It is very unlikely that these measures would help the keen young men pouring out of the colleges and universities to get into farming. Farmers do not retire easily, only giving way to their sons on their deathbeds in many cases. The young men must wait for the next slump or do something else if they wish to be self-employed.

No one knows when the next slump will come. British farming in the past has been cyclical. Since the beginning of the 19th century there have been three great booms. The first ended with Waterloo, the second lasted from 1840 to 1879 and the last one began in 1940. No one at the time thought they would come to an end, but they did. Land prices never rose so high as they have done this time, but as an illustration of what could happen, my own farm was sold in the 1860s for £60 an acre and never reached that figure again for nearly 100 years.

Letters to the Editor

People at work

From Mr. D. Wallace Bell

Sir,—Would it not be possible in this New Year for the Government to provide figures for the number of people employed, as well as for those unemployed?

Every time the unemployment figure goes up, the impression is created that there are fewer people at work and jobs have been lost. This is not necessarily true. The position may be that there are actually more people in employment, but if the numbers entering the labour market exceed the sum of those leaving it plus new jobs created, the unemployment figure is still bound to rise.

That this is so is supported by the recent estimate of the Manpower Services Commission, that 1.34m. new jobs would be needed to reduce unemployment to 800,000 by 1981.

This would in no way detract from the seriousness of the problem of high unemployment. But it would demonstrate that the cause does not lie entirely with industry and commerce. It stems also from changing social patterns. And it might serve to avoid the U.K. again blackening its image unnecessarily in the eyes of the world at large.

D. Wallace Bell (Director),
Industrial Participation Association.
78, Buckingham Gate, S.W.

Zumpgazing and gazumping

From Mr. W. Richardson.

Sir, — Warnings about increased instances of "gazumping" (acceptance of a higher offer for a house after a purchase price has been agreed with someone else) are rife. As promises have no legal significance, until we evolve a system whereby a penalty is imposed on a purchaser or seller who fails to keep his word, this practice will, inevitably, continue.

By means of an arrangement whereby potential purchaser and seller, each, paid a deposit equal to 1 per cent. of the purchase price agreed, or some other mutually agreed sum, to a neutral third party, the 2 per cent. deposited being paid to the party who, within an agreed time, was prepared to sign a contract, while the other party was not, this practice could be considerably reduced. There are potential areas of dispute, but these could be submitted to a simple arbitration procedure.

There is another side to the practice of "gazumping" which rarely is referred to. I suppose it might be called "Zumpgazing." This is the practice of many people visiting a house for sale, occupied or not, who have not the slightest intention of purchasing, but, whether or not they have, quite airily make a promise to buy, which they do not keep. The unfortunate seller is left in limbo for several weeks, until he realises that there is going to be no sale.

I believe that many of the instances of alleged "gazumping" are the fault of the would-be purchasers themselves. They make a promise and then start to examine the possibilities of keeping it. Only after they have made the promise do they start making inquiries about borrowing the money they need, and only then do they begin to discover the difficulties. Sometimes it suits their convenience not to settle matters quickly, and they are dilatory in so doing. Sometimes the delay is not their fault.

Nevertheless, the fault in such instances lies not with the seller, and, if he can get his house sold, at a higher price or not, without incurring further delay, is he to be blamed?

W. F. Richardson.
34, Queen's Drive,
Fulwood, Preston, Lancs.

Geese and ganders

From Mr. K. Middleton.

Sir,—The Department of Trade (so you report December 30) disapproves of the now defunct Court Line's policy of capitalising its revenue expenditure. But is this not exactly what modern Governments have themselves been doing, and on an immense scale?

In the last financial year Government internal borrowings totalled more than double the value of assets acquired, the difference (£6.375bn.) thus being capital and potential capital borrowed and spent as revenue. Is this then a practice that becomes innocuous when pursued by Governments? If so, why should Government expenditure not be financed entirely by borrowing and all taxation abolished? If, however, it is not innocuous, should not some limit to it be set?

So far there appears to be no limit whatever to the accumulation of deadweight internal debt which last March stood at £34bn. out of a total National Debt of £67bn.

Kenneth R. Middleton.
13, Dean Park Crescent,
Edinburgh, 4.

Educational advantage

From Mr. H. L. Benjamin.

Sir,—When Mr. Toporowski, president of Birkbeck Students' Union, informs your readers (December 29) that "Britain (pace Oxbridge) has traditionally been a philistine and undereducated country" we hang our heads with wide-eyed shame—puzzled as to why there should apparently be an excess of foreign students seeking "the education that Britain may be able to provide."

What confuses me most however, is that the end of Britain's international greatness should have happened to coincide with a vast increase in higher education.

H. L. Benjamin.
Stanhoe Hall,
Kings Lynn, Norfolk.

Import duties unnecessary

From the President,
The Free Trade League.

Sir,—Mr. Mead of the National Association of Fruit and Potato Trades says in his letter to you (December 28) that "all free traders can accept necessary import duties." As president of the Free Trade League I would point out that no free trader can accept import duties as being necessary at all.

Import duties favour sectional interests. They increase costs to other traders and manufacturers and to the consumer. They provide the basis for monopolies and price rings of capital and labour and are an important element in putting the smaller traders out of business. They are also an important factor in reducing the buying power of people's wages and savings and an important pressure making for inflation.

It is not unreasonable for Mr. Mead to want protection for his own interests but statesmen should be men capable of ignoring their own interests and deciding what is right in the interests of all the people—the consumers.

S. W. Alexander.
44, Speed House,
Barbican, E.C.2.

Each-way bet

From Mr. D. Emanuel.

Sir,—I fail to understand the point of the letter from Mr. Brooks (December 23). If, by his calculations, he wishes to show that a firm, contemplating an instantaneous 62.5 per cent. expansion in turnover, is likely to require external financing then I am no wiser. If he wishes to assert that any entrepreneur or investor would prefer a flat tax rate of 52 per cent. (to the rate of 42 per cent. on the first £40,000, 68 per cent. on the next £25,000 and 52 per cent. thereafter) then I don't agree with him.

By the way, one interesting feature of this tax structure is that it provides some people with an incentive to gamble. That is to say, a company with profits of £65,000 could take £25,000 and place it on a fair even-money bet. Losses would be shielded at 68 per cent. and wins would be taxed at only 52 per cent. As a result, the company would improve its expected net profit by £2,000 from a single bet.

David Emanuel.
The University of British Columbia,
2075 Wesbrook Place,
Vancouver, B.C.,
Canada.

Votes in the PRS

From Mr. T. Lyttleton.

Sir,—Mr. Freegard, general manager of the Performing Right Society (December 23), does not answer my criticism (December 12) of PRS's failure to give members the relevant information on the new voting system which he claims "was announced in detail" last May.

Six months later, however, PRS informed all members on November 1 that: "the Council has not yet finally decided on the precise (voting criteria) figures which it will recommend at the meeting" (the Forum preceding the EGM on November 24). The reason given: the Council "had not yet had an opportunity of considering, in the light of the latest (1976) earnings figures what would be the exact result, in terms of votes, of adopting the criteria already provisionally decided upon . . ." As the Council had been in possession of these figures for at least 5 months, the 96 per cent. of members absent from the Forum are entitled to ask why they were denied this opportunity.

Mr. Freegard says that before the June AGM "the Council had willingly agreed to circulate two lengthy statements by Mr. Lyttleton to all the voting members." Only one such statement was sent and in accordance with a Court Order. Despite Mr. Freegard's suggestion that I had "untiringly canvassed," I made clear in that statement and in letters to other newspapers that, without access to the voting list, there could be no effective campaign and accurately predicted overwhelming defeat for the "independent review" resolution. Mr. Freegard states that my resolution "failed to find a seconder." Certainly the resolution was not seconded. No seconder was necessary it having been requisitioned by 5 per cent. of the voting members (under Section 140 of the Companies Act, 1948) and not, as wrongly stated, by me, a mere non-voting member!

Trevor Lyttleton.
33, Bryanston Square, W.1.

Financing trade in sterling

From Mr. J. Lion.

Sir,—The British Bankers' Association has recently suggested to the Wilson committee that the ban on financing third-country trade in sterling should be removed. The ban was brought into effect by an amendment to the Exchange Control regulations in November 1976 with the object of improving the sterling balances which, at that time, were running at a very low ebb. It was originally a pointless and somewhat dishonest manoeuvre since it merely transferred the merchanting indebtedness of the country from the sterling to the foreign currency ledgers and, therefore, had no real effect on the overall indebtedness of the U.K., the result being merely cosmetic.

The effect has been to reduce considerably the contribution that banks and merchants are making to "invisible exports." Flexibility and efficiency, both of which are essential to the profitable prosecution of merchant trading, have been adversely affected by the ban and if the City of London is to retain the expertise in this sector, built up so painstakingly over the years, a rapid return to the financing of third-country trade in sterling is essential.

When the Chancellor introduced the ban he estimated there would be a "once for all" addition to the sterling reserves of about £500m. A loss of this order to the sterling reserves at this time can not only be easily withstood but will in itself contribute to the Treasury's current attemps to contain a too rapid rise in the exchange rate.

Jacques K. Lion.
Philip and Lion.
Moor House,
London Wall, EC2.

Exchange rate mesmerism

From Mr. B. Lloyd.

Sir,—In Geoffrey Maynard's otherwise excellent article on exchange rate policy (December 30) there was one major point that is continually overlooked in the debate on this issue.

We in Britain have become mesmerised by the dollar/pound exchange rate, despite occasional references to Smithsonian Weightings. In terms of trade competitiveness, however, the two countries of particular relevance to our position are West Germany and Japan—also Switzerland should not be ignored. Taking these countries the changes in the exchange rate have occurred over the past four months as quoted from your world value of the pound tables. (I appreciate taking two dates introduces some error but it is the general trend that is important).

£1 equals	6/9/77	28/12/77	% Change
U.S.$	1.7413	1.8640	+7.05
West German Mark	4.0475	4.0150	−0.80
Swiss Franc	4.1750	3.7950	−9.10
Japanese Yen	467	451.5	−3.32

From now on could our learned economists (and others) please be a little more specific when they talk about the pound being strong or weak; especially when they then want to go on to discuss the consequences of recent, or future, changes in that rate.

Bruce Lloyd.
48, Aberdare Gardens, N.W.6.

To-day's Events

President Carter meets President Sadat in Aswan on stopover flight from Saudi Arabia to Paris.

U.K. Official reserves (December).

Monthly meeting of National Economic Development Council to discuss methods of developing next stage of Government's industrial strategy and plans for reconstituting the Roll Committee on Finance for Investment.

Prime Minister on tour of Bangladesh, India and Pakistan.

Mr. Roy Hattersley, Prices Secretary, in U.S. for talks on competition and counter-inflation policy.

International Monetary Fund monthly gold auction, Washington.

National Union of Teachers' two-day national education conference opens, London.

Assistant Masters' Association conference opens, Cyncoed College, Cardiff (until January 6).

North of England Education conference begins, York University (until January 6).

Meetings of CBI Smaller Firms Council, London, and its West Midlands Regional Council, Sutton Coldfield.

Archbishop of Canterbury speaks at "Education, Life and Christian Belief" seminar, Cumberland Hotel, W.1.

Sir Peter Vanneck, Lord Mayor of London, attends Founders' Company dinner, Mansion House, E.C.4.

Oxford Farming conference continues.

OFFICIAL STATISTICS

Capital issues and redemptions during December. Investment intentions of manufacturing, distributive and service industries (1978-79).

OPERA

English National Opera production of From the House of the Dead, Coliseum Theatre, W.C.2, 7.30 p.m.

D'Oyly Carte Company in Princess Ida, Sadler's Wells Theatre, E.C.1, 2.30 p.m. and 7.30 p.m.

BALLET

Royal Ballet dance The Sleeping Beauty, Covent Garden, W.C.2, 7.30 p.m.

London Festival Ballet perform The Nutcracker, Royal Festival Hall, S.W.1, 3 p.m. and 7.30 p.m.

LUNCHTIME MUSIC

St. Olave, Hart Street, E.C.3, 1.05 p.m. Elaine Mencher (piano).

Church of the Holy Sepulchre, Holborn Viaduct, E.C.1, 1.15 p.m. Margaret Bennett (soprano).

St. Bride, Fleet Street, E.C.4, 1.15 p.m. David Witson (organ).

St. Martin Ludgate, Ludgate Hill, E.C.4, 1.15 p.m. Julia Cloan (piano).

COMPANY NEWS

Redman Heenan poised for expansion

IN THE year ahead opportunities will be energetically sought to expand the Redman Heenan International group of specialised engineering companies both in terms of markets and product range "in the knowledge that the management and financial resources required are available," says Mr. Angus Murray, chairman, in his annual statement.

Careful study is being given to longer-term plans and much useful work has been done in this direction during the year under review, he adds.

Over the past 12 months, new investment in buildings, plant and machinery amounted to nearly £1.5m. Of this some £800,000 was spent on increasing capacity and £700,000 was invested in various measures to improve or maintain profitability.

Further investment of nearly £2m. is planned for the current year including more than £1.5m. on plant and machinery.

Commenting on the past year's performance Mr. Murray says market conditions generally in the mechanical and electrical engineering industries showed little change during the period and under-utilisation of capacity continued to be widely reported.

At the interim stage, trading prospects were thought to be more encouraging but in the event order intake continued to be sluggish and was marked by postponement and delays in the placing of firm orders, a continuation of the pattern which has been a feature of the capital goods industries for some time now.

As already announced despite these conditions turnover for the 12 months climbed from £28.89m. to £31.11m. and pre-tax profit increased by 24 per cent. from £2.04m. to a record £2.53m.

The net dividend total is lifted from 1.625p to 1.815p per 10p share.

As is the group's practice, the report and accounts show the year's figures in accordance with the inflation accounting principles recommended by the accounting standards commitee in its interim report published on November 4, 1977.

Thus, the year's trading profit of £2,645,000 on the historical basis becomes a C.C.A. operating profit of £1,661,000 compared with £2,236,000 and £1,299,000 respectively for the previous year. After interest and allowing for the effect of gearing the C.C.A. pre-tax profit is shown to be up from £1,413,000 to £1,772,000.

Finally Mr. Murray states that, given no major change in economic conditions trading profits should show further improvement in the current year.

On the balance-sheet front, current assets are shown as standing at £12,827,000 (£10,996,000) and current liabilities at £9,474,000 (£8,604,000) with net bank borrowings down £638,000 from £734,000 to £96,000.

Net current assets amount to £3,353,000 (£2,392,000) and net assets per share are up from 46p to 60.1p Borrowings as a percentage of shareholders' funds are 8.2 (17.3).

BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interims or finals and the subdivisions shown below are based mainly on last year's time-table.

TO-DAY

Interims: Smith Walls.
Finals: T. W. Ward, Westland Aircraft.

FUTURE DATES

Interims:—
Anston Holdings .... Jan. 5
Finals:—
Alexanders Discount .... Jan. 23
Cowie (T.) .... Jan. 17
Imperial Chemical Industries .... Feb. 23

Evans of Leeds profit revised

The directors of Evans of Leeds report that certain information has come to hand which in their opinion has a material effect on the company's results for the six months to September 30, 1977.

In September, 1975, the company acquired at auction a property in Liverpool, known as Walton Works, for £1.9m. The property was purchased as an investment, and was let to the English Electric Company at £90,000 p.a. The first rent review, to cover a period of nine years, was to commence on October 1, 1976.

Following inconclusive discussions with the tenant an arbitrator was appointed, and the rent for the nine-year period was established at £515,000 p.a. This rent is now being paid and with the arreas of rent as from October 1, 1976, will have an important effect on the accounts for the year to March 31, 1978.

As a result of this information, the gross rents receivable for the six months to September 30, 1977, are now £1,308,142 thereby increasing the previously reported pre-tax profit to £692,421 as against £479,921.

Cautious optimism at Davenports

DESPITE AN uncertain national economic scene Mr. J. G. Swanson, chairman of Davenports Brewery (Holdings) is cautiously optimistic about results for the current year.

He says net incomes are likely to rise modestly in the coming months, and this should reflect proportionately on Davenports' trade.

The company's accelerated expansion in both production capacity and outlets in recent years will provide a sound base to meet any growth.

The problem, however, is how to translate this growth in demand into a significant increase in profits, he says. Profit last year rose £59,000 to a record £1.43m.

Capital spending in the year to September 30, 1977, jumped from £0.74m. to £1.86m., and the policy of general expansion through capital expenditure will continue this year.

Further schemes have been approved or are under consideration to improve brewery output at Bath Row, Birmingham, in particular, modifications to increase canning line capacity. This plant has operated most efficiently, making a "very real" contribution to profits, Mr. Swanson says.

Borrowings, which increased from £0.35m. to £1.26m. last year, are expected to grow further this year. Resolutions to increase borrowing limits will be put at the AGM.

In the new financial year one new Licensed House has been acquired at Nuneaton, and a small House in South Wales has been sold. Work has begun on two sites in the Birmingham area, and work has yet to begin on a third site.

The company has bought a site adjacent to its Bath Row brewery, and the disused factory on the site has been demolished with a view to later development.

Net current liabilities of the group rose in the year from £0.31m. to £0.93m., mainly stemming from a £932,000 overdraft (nil) and the reduction in short-term deposits from £250,000 to nil and cash and bank balances from £201,000 to £138,000.

There was an overall £606,000 decrease (£432,000 increase) in working capital during the year.

Meeting, Birmingham, January 26, at 12.15 p.m.

RHM sees first half shortfall

DUE MAINLY to the losses sustained by the bakery division as a result of the national bread strike in September, group profits of Ranks Hovis McDougall for the first half of the current year will be below the £20.9m. for the corresponding period, Mr. Joseph Rank, chairman, tells members in his annual report.

He says that at this stage it is not possible to make a meaningful forecast for the year as a whole but, provided the adverse conditions in the bread industry do not worsen, present expectations are that overall profits may be close to those of last year, due principally to a significantly increased contribution from overseas companies and a return to profit by Wessex Finance Corporation.

As reported on December 7, taxable profits for the year to September 3, 1977, turned in at £36.5m., compared with £39.9m. for the previous 53 weeks.

The reduction in profit was due mainly to continuing problems in the U.K. bread industry, a higher overall interest charge and to adverse results from Wessex Finance.

However, increased profits from other main trading activities made a significant contribution to group performance, further supplemented by profits from the American acquisitions in August 1976 and February 1977.

Annual report, Page 14

ABEL MORRALL

A major divisionalisation programme has been completed by Abel Morrall of Redditch, manufacturer of hand knitting and sewing needles under the Aero brand name. Established in 1785, the company now has five autonomous operating divisions, each a profit centre with its own management committee.

£0.64m. for Ireland Alloys

AGAINST A difficult year for metal traders, Ireland Alloys (Holdings) reports taxable profits for the August 31, 1977, year up by 50 per cent. from £418,000 to a record £641,000.

Turnover, up by £8.35m. to £21.67m., was split as to complex alloys processing, etc., £12.81m. (£8.73m.) and non-ferrous and minor metals merchanting £8.86m. (£4.6m.)

No sign is yet evident of an improvement in demand or in price for the group's main products in Europe, Mr Austin Merrills, the chairman, says in his annual statement. And he adds that it is too early yet to say whether the improvement in the prices of stainless and ferrous scrap, which has recently occurred in the U.S., heralds the upturn in the market, or is purely temporary.

Subsidiary Stock Alloys has shown continued progress, he adds, with greatly improved profits for the year, and is now contributing significantly to group profits. In August it moved into its new building on the Craighead, Hamilton site.

At the same time, subsidiary Cryoservice moved into new premises adjacent to Hoyland. A continued improvement in profitability is reported here.

The benefits of group investment in the U.S. are now coming through with a substantial profit during the year from each of the subsidiaries there.

Ireland Alloys showed a small increase in profit. Its ability to make immediate deliveries from a larger, varied stock enabled it to improve its sales volume in a period of shrinking total demand although its average profit margin declined.

A final dividend of 6p net per 10p share, payable in February, lifts the total to 8p. Because of stock appreciation relief no provision has been made for tax for the period. Prior years' provisions have been credited back to revenue reserves.

The group has acquired a 50 per cent. interest in Ireland and Fermac, a ferrous scrap processor, together with Fermac Metals. The chairman says that although the past 12 months has been difficult for ferrous scrap processors, as a result of the worldwide reduction in steel production, he feels that Ireland and Fermac has good equipment and facilities and is well placed to take advantage of the upturn in demand, which he says is bound to come.

Shareholders' funds, up from £2.71m. to £3.55m., includes £384,000 surplus on revaluation of properties during 1977.

	1976-77 £000	1975-76 £000
Turnover	21,669	13,324
Pre-tax profit	[illegible]	418
Tax	2	178
Minority	33	†10
Making	[illegible]	230

† Loss.

Freddie Mansfield

Mr. Angus Murray, chairman of Redman Heenan.

Elson & Robbins outlook

MR. E. R. KEELING, chairman of Elson and Robbins says it is likely that further increases in sales and profits will be reported for the current year, in the absence of unforeseeable circumstances.

Should there be no serious deterioration in the economic climate Elson and Robbins should maintain and strengthen its domestic and overseas activities, he says.

In the latest year to September 30, 1977, profits were a record £1.74m.

For the parent company directors are optimistic of increasing exports and an export sales manager has been appointed. A steady year is forecast.

The subsidiary Domestic Industrial Pressings, which contributed much of last year's increase, is investigating the sales potential of its range of LPG heaters for the Southern Hemisphere market, which would reduce the seasonal fluctuations in production.

Most of the group's increase in stocks at balance date from £1.47m. to £2.86m. is owing to the build up in heater stocks for the October to January peak buying periods. Sales are going according to plan, Mr. Keeling says.

Trading of K. Webster (U.K.) continues at a satisfactory level and following a rearrangement of marketing the Hufcor (Partitions) subsidiary is expected to make an increased contribution in the current year.

In the September 30 year there was a £0.42m. decrease (£24,165 increase) in net liquid funds.

Meeting, Nottingham, January 24 at 11 a.m.

Statement Page 2

dividend is stepped up to 4.5p (3.75p), payable on March 14, 1978, with a net final of 3p.

Total assets amounted to £14.22m. (£13.28m.) and net assets per share, after deducting prior charges at par, are shown as 250.4p (216p).

Utd. Wire ready for upturn

A DIFFICULT year ahead is foreseen by Mr. Anthony Green, the chairman of United Wire Group, but every effort is being made, he says, to maintain the group's progress, by extending the product range, intensifying selling efforts and improving productivity. The company, he adds, is ready to respond to any upturn in the economy.

As reported on December 2, 1977, a record taxable profit of £1.89m. was turned in for the October 1 year compared with £1.11m., and the dividend is lifted from 2.8p to 2.89p.

During the year an increased level of demand assisted the wire division to a more profitable level, its contribution amounting to £525,000. The division took advantage of opportunities to re-establish its presence in North America, but currently sales are effected by a strike at Eastern Seaboard ports. In the U.K. sales are currently running at a reduced level.

Mr. Green adds that the wire division is continuing its long-term plans to modernise and upgrade manufacturing techniques.

An analysis of turnover for the year, £12.37m., is split as to: U.K. £7m.; Europe £1.34m.; Africa £2.33m.; Asia £0.45m.; and others £1.26m.

During the year subsidiary United Sintering was sold to Rigby Metal Components. Bank overdrafts were reduced from £2.15m. to £1.55m. and in a statement of source and application of funds shows an increase in liquid funds of £0.62m. against a £1.38m. decrease.

Meeting, Edinburgh, on January 19, at noon.

Winterbottom earns and pays more

Gross investment income of Winterbottom Trust for the year to November 30, 1977, was up from £579,959 to £618,182 and pre-tax revenue rose from £350,083 to £415,358.

Stated earnings are 4.71p (3.75p) per 25p share and the

ISSUE NEWS

Yearlings fall to $7\frac{1}{8}$%

The coupon rate on this week's issue of yearling bonds—due on January 10, 1979—has dropped to 7⅛ per cent. at £99⅞ per cent., compared with 7¼ at par before Christmas.

The one-year issues are: Cannock Chase District Council (£0.5m.), Highland Regional Council (£1m.), City of York (£0.5m.), City of Lincoln (£0.25m.), Fife Regional Council (£0.5m.), City of Glasgow District Council (£1m.), Stirling District Council (£0.5m.), Birmingham District Council (£2m.), Rushmoor Borough Council (£1m.), Castle Morpeth District Council (£0.5m.), Bury Metropolitan Borough Council (£0.5m.), Kirklees Metropolitan Borough Council (£0.25m.), Hereford and Worcester County Council (£1.5m.), and City of Chester (£0.25m.).

Two-year bonds with a coupon of 8.5 per cent., due on January 2, 1980, at par, are issued by Borough of Tamworth (£0.25m.) and Borough of Eastleigh (£0.25m.), South Staffordshire District Council (£0.5m.), Wirral Borough Council (£0.5m.) and Chorley Borough Council (£0.5m.).

A three-year bond carrying a coupon of 9.5 per cent., at par, due on December 31, 1980, is issued by Torbay Borough Council (£0.75m.).

Woking Borough Council is issuing four-year variable rate bonds at par amounting to £0.5m.

JFB—88%

Acceptances of the recent rights issue by Johnson and Firth Brown of 20.28m. 25p Ordinary shares at 50p have been received in respect of 88.3 per cent.

NEW LIFE BUSINESS

New peak for Scottish Widows

Scottish Widows' Fund and Life Assurance Society announces record levels for both net new annual premiums and single premium business for 1977. Annual premiums from all long-term business, including assurances, annuities, other than business effected through the Society's subsidiary Pensions Management and the Exempt Unit Trust scheme, rose to £18.5m. from £17.7m. New single premiums increased to £7.3m. from £5.7m. The benefits secured were net new sums assured of £570m. (£601m.), new annuities per annum of £120m. (£111m.) and permanent health insurance schemes of £4.25m. (£4.10m.).

With-profits endowment assurance business remained more or less static with annual premiums slightly higher. But the amount of whole life business written had fallen away by at least 25 per cent. The Society is one of the leading life companies for transacting this type of business and the drop reflects the lower amount being written as a result in the change in commission scales late in 1976. The company is satisfied with the amount of business written in view of the circumstances. This accounts in part for the fall in sums assured.

Group pension business transacted by the pension's subsidiary showed a mixed pattern. Annual premium business rose to over £3.8m. from £2.9m. in 1976, but single premium business declined to £1.9m. from £2m. There were several factors accounting for this lack of growth, including the pay restrictions and employers taking a long time to decide what action to take over the Government's new pension arrangements. The Society expects to move ahead rapidly in this field this year.

The Society withdrew from the panel of companies transacting the old Federated Superannuation System for Universities (FSSU) with effect from September 30, 1978 because of the phased replacement of the old scheme with a new privately funded pension scheme. The 1976 figures for FSSU have been excluded in order to facilitate a valid comparison. They amounted to £641,000 annual premiums, £104,000 of single premiums for sums assured of £15m., and annuities per annum of £104,000.

OTHER LIFE COMPANIES REPORT

AVON INSURANCE COMPANY—Net new business in 1977: life assurances new sums assured amounted to £21.7m. (£22.9m.) and new annual premiums amounted to £288,000 (£267,000); self-employed deferred annuities new annual premiums £41,000 (£30,000); single premiums £33,000 (£23,600).

CITY OF GLASGOW FRIENDLY SOCIETY—In 1977 the society issued approximately 18,000 new policies assuring sums totalling £10m. at annual premiums amounting to £457,000. The corresponding figures for the year 1976 were 21,000, £5,900,000 and £424,000. The annual premium income for the year was approximately £2,000,000 (£1,790,000 in 1976).

ENGLISH INSURANCE COMPANY wrote new business in 1977 under which the net premium income amounted to £3,402,000 (£5,640,000) in addition to single premiums and immediate annuity considerations of £4,480,000 (£5,208,000). The benefits secured included net sums assured of £350,190,000 (£376,000,000), net deferred annuities per annum of £5,935,000 (£12,950,000) with equivalent capital values of £56,230,000 (£129,000,000), and net immediate annuities per annum of £830,000 (£922,000). These figures include new business for the wholly owned subsidiary English Insurance (Pensions Management) in respect of Managed Pension Fund business.

GRESHAM LIFE ASSURANCE SOCIETY—New business for 1977: With an increase of 23 per cent., the Society sustained its high growth rate of new ordinary life assurance annual premiums totalling £2.09m. (1976 £1.8m.), net of reassurances. Total new annual premiums, including group pensions, reached £2.32m. (1976 £2m.) setting yet another new business record.

LONDON LIFE ASSOCIATION announces the following details of new business transacted during 1977. The figures exclude Federated Superannuation System for Universities business: New annual premiums £2.23m. (1976 £2.38m.); single premiums £2.23m. (1976 £1.83m.); the single premiums include a new class of self employed pension annuity contract under which benefits are secured by a series of single premiums. Consideration for immediate annuities £2.13m. (1976 £1.90m.). The figures shown are net, after deduction of reassurances, and exclude the London Life Managed Fund subsidiary, new premiums for which are as follows: New annual premiums £148,[illegible] (1976 £301,307), single premiums £33,[illegible] (1976 £13,122).

THE MANULIFE GROUP, comprising The Manufacturers Life Insurance Company's United Kingdom Division and The Manufacturers Life Insurance Company (U.K.) Ltd., announces a new record in its new business. In 1977 policies were issued for annual premiums totalling £3,5[illegible],000 (1976: £2,[illegible],000) and for single premiums of £208,000 (£8,000). New sums assured amount to £117m. (£97m.); £1,209,000 of the annual premiums and £142,000 of the single premiums relate to individual policies written under the Company's pension plans, launched in January 1977 under which the contributions accumulate at interest. The total number of new policies issued is 12,[illegible] (11,916).

NATIONAL FARMERS UNION MUTUAL INSURANCE SOCIETY—Net new business in 1977. Life assurances: New sums assured amounted to £38.3m. (£37.3m.) and new annual premiums amounted to £1.09m. (£1.21m.). Self-employed deferred annuities: New annual premiums £613,000 (£364,000) and single premiums £874,000 (£804,000).

SUN ALLIANCE issued new life assurance and annuity policies in the U.K. in 1977 for annual premiums of £12.3m. and single premiums of £4.9m. (£2.4m.). These policies secured sums assured of £320m. (£314m.) and annuities of £30.3m. per annum (£20.3m. per annum). The figures, which are net after deduction of reassurances, do not include Sun Alliance Life Assurance in Australia, Protea Assurance in South Africa or other overseas business.

BONUS DECLARATIONS

Scottish Widows' has announced a substantial increase in its rates of reversionary bonus for the three years ending December 31, 1977. The new rate for ordinary assurances and general fund pension contracts is lifted to £4.70 per cent. per annum of the sum assured and attaching bonuses from the previous level of £4.40 per cent. a rate that was maintained through the three year period.

However, the company has kept its terminal bonus rates, reviewed every six months, unchanged—the present scale varying from 1 per cent. of the sum assured and attaching bonuses for contracts taken out in 1969 to 42 per cent. for policies effected in 1935 or earlier. The company increased its rates on July 1, 1977 and there has been insufficient capital appreciation since then to justify a further increase.

On individual pension schemes—self-employed and top hat arrangements, the reversionary bonus rate is improved to £5.50 per cent. per annum of the guaranteed pension and bonus additions from the previous level of £3.10 per cent. The terminal bonus scale remains unaltered, it is at present the same as for assurances. The bonus rate for group pensions business is now 1.50 per cent. per annum on the average reserve compared with 1.20 per cent.

The intermediate bonus rate for 1978 is £4.55 per cent. for assurances and £5.25 per cent. for pension contracts.

SUN ALLIANCE AND LONDON ASSURANCE in contrast has kept its reversionary bonus rate on individual assurance contracts unchanged at £4 per cent. per annum of the sum assured and £5 per cent. per annum of attaching bonuses. However, it has increased its rates of capital bonus paid on maturities and death claims in respect of contracts taken out in 1968 or earlier.

The bonus rates for 1977 on personal pension policies remains at £4 per cent. per annum on the basic pension, but the rate for attaching bonuses is increased to £5.50 per cent. per annum from £5 per cent. The effect of this change is that the contracts which have been in force the longest will get by far the greatest benefit. The company has also increased its rate of vesting bonus, paid when the pension is about to commence. Improved bonus rates have also been declared on group pension business.

BIDS AND DEALS

Reed forced into £6m. purchase

BY NICHOLAS COLCHESTER

Reed International, the British paper, packaging and publishing group, has been forced to buy an unwanted extra 10 per cent. of its quoted South African subsidiary, Reed Nampak, for a cost to Reed of £5.95m., the company revealed yesterday.

The 2.59m. shares in Nampak, a packaging company, were bought from a South African private company, A. Fruman Associates, for a total of R14.1m. obtained at an average discount of 30 per cent. in the Securities Rand market. The price of R5.45 a share compared with Reed Nampak's quoted price in the market of R3.00.

Reed was obliged to buy the Fruman holding at this unattractive price because of an agreement entered into in November 1975 when the British company acquired its existing 52 per cent. holding in Nampak—partly from St. Regis Paper and partly through a public partial offer.

The agreement, which attracted criticism at the time because it suggested unequal treatment of Nampak shareholders, gave a private company of the Nampak chairman, Mr. Oscar Fruman, the right to sell 10 per cent. of Nampak to Reed at R5.45 per share in the two years after November 1, 1977. Equally Reed had the option to insist on purchase of this stake at the same price within the same period. This price compared with the R3.40 that Reed was offering to Nampak shareholders at that time—with the premium reflecting the expected appreciation over the intervening two years.

Reed has now been obliged to raise its holding in Nampak to 62 per cent. at a time when its management is wary of the political situation in South Africa and is anxious to reduce the company's overall debt. The deal has been financed through foreign currency borrowing.

NEB INVESTS IN MAYFLOWER PKG.

The National Enterprise Board is to invest £120,000 in Mayflower Packaging, a Norwich-based manufacturer of automatic packaging machines, to help finance a programme of expansion and development. NEB involvement will provide a financial base for an expected five-fold increase in sales by 1983.

The Mayflower company, with a current turnover of £500,000 and pre-tax profits of £30,000, has already grown from a turnover of £14,000 since it started manufacture in Norwich in January 1972. It has been consistently profitable.

Exports account for over 80 per cent. of the company's sales and its machines are operating in 40 countries.

The NEB investment consists of £60,000 8½ per cent. Cumulative Redeemable Preference Shares 1983 and a further £60,000 6½ per cent. Voting Participating Cumulative Redeemable Preference Shares.

The NEB has a right between 1980 and 1988 to convert its holding into one-third of an enlarged ordinary share capital. Also, Mayflower has the option to redeem the NEB holding at an agreed current value at any time between 1980 and 1988.

Cossor pays £3m. for Data Logic

Cossor, the Harlow based electronics company, has bought Data Logic, one of the larger U.K. systems and software houses for just over £3m.

Cossor described the acquisition as part of its continuing expansion which would emphasise a commitment to the computer side of its business.

Cossor makes military radar, communications air traffic control and test equipment, all of which is increasingly dependent on computer systems.

Mr. David Steadman, managing director of Cossor, commented: "During the past year Raytheon Cossor Data Systems has delivered systems worth more than £5m., a figure that reflects the growing importance of this area of Cossor's overall activity.

"This has been a direct result of our policy of becoming a systems company instead of fulfilling our traditional role as an original equipment manufacturer (OEM). In to-day's sophisticated market place, it is no longer sufficient to supply data processing equipment alone. The customer requires complete systems that exactly meet his requirements."

He said Cossor intended to use the acquisition to develop new business in the fields of microcomputing, telemetry, air traffic control, and military applications.

The managing director of Data Logic, Mr. Alan Thomas, continues as chief executive and gains a seat on the Board of Raytheon Cossor Data Systems. Both companies will continue to operate independently.

Data Logic, formed 10 years ago, had a turnover of £2.4m. for the year ended December 1977 and an expected pre-tax profit of £550,000. It employs 200 people.

50p offer for Graff

Only seven and a half months after the closing of a 28p per share offer for Graff Diamonds, Sandstar, the privately owned company of Mr. Laurence Graff, has come back with a 50p per share offer for the 3.7 per cent. of the shares it did not win in the first round.

This time it is looking for acceptances from at least 75 per cent. of the 200-odd shareholders who refused the first offer and 90 per cent. of the outstanding shares. Sandstar has managed to persuade just over 45 per cent. of these reluctant shareholders (including the Trafalgar House Pension Fund which held 26.97 per cent.) to its new price.

It is also warning the remaining holders that non acceptance could mean that the offer lapses, although the appendices in the offer document leave the way open for Sandstar to raise this new bid yet again if necessary. All shareholders would automatically benefit from any such increase.

The offer is accompanied by profit figures for the first five months of this year which show pre-tax profits to have fallen from £620,000 to £550,000 and earnings (after making full provision for deferred tax) to have dropped by 12 per cent. 0.95p per share.

The original offer aroused considerable opposition from shareholders who complained that a fair price would have been 57p, the price at which the company was first floated early in 1973. However, they were told by Sandstar and its advisors, Hambros Bank, acting on behalf of the independent shareholders, that 28p was the maximum which could be offered and that it was a fair and reasonable price.

Hambros are now advising the remaining shareholders that 50p is "fair and reasonable." At least one shareholder, however, Mr. Patrick Roney who led the original shareholders' protest, said yesterday that he does not intend to sell out "at less than £1."

BEVAN NOW OFFERS SHARES FOR BERNER

Metal merchants D. F. Bevan is now offering a share alternative to its December cash offer for steel stockholders and processors, Leon Berner. The new offer is 4 Bevan shares for every 3 Berner, which values Berner's shares at 23p compared with the 17½p cash offer. Berner's directors and their advisors, Peat Marwick Mitchell, are recommending the share offer.

Bevan already owns 47.7 per cent. of the Ordinary shares and 95 per cent. of the deferred ordinary shares.

BRYANT HOLDINGS ACQUISITION

Bryant Holdings has acquired from Greyhound Computer Overseas Corporaion the entire share capital of its subsidiary, Greyhound Computer Services, which formerly carried on the trade of providing data processing services.

The net assets acquired amount to £840,000 including £482,000 cash and the consideration of £825,000 has been paid from the company's own resources. This will benefit the group's corporate financial arrangements, but no significant contribution to group profits is expected.

● NEWS ANALYSIS

CompAir in £7.7m. deal with Watts Regulator

BY ANDREW TAYLOR

CompAir's latest foray into the U.S. to buy the Fluid Power Division of Watts Regulator Company of Lawrence Masachussets for $15m. cash (£7.7m.) marks a further step in the group's long term strategy of establishing strong manufacturing and marketing facilities in the rich markets of Europe, Japan and the U.S.

The group first established its foothold in the U.S. in 1971 when it bought Kellogg-American, air compressor manufacturers, for $9m. (then worth £3.75m.). Since then group investment has largely been concentrated in Europe and the Watts' deal is only the group's second major acquisition in the U.S.—the world's largest compressor market and home of four of CompAir's major rivals: Ingersoll-Rand, Chicago Pneumatic, Joy Manufacturing and Gardner-Denver.

The Watts' deal—as well as strengthening the group's U.S. presence—will also extend the group's product range into regulators, filters and lubricators (known as airline equipment) which provide the vital control-link between the aircompressor and the tool being used.

Mr. Alex Masters, CompAir's chief executive, yesterday declined to reveal the recent profit performance of the new division but said that the acquisition could lead U.S. sales—"comfortably exceeding £10m. last year"—to double in the current year, ending October 1978.

CompAir says that Watts controls around 20 per cent. of the U.S. airline equipment market through its Fluid Power Division and is the country's second largest company in this field.

The group will also gain a foothold in the U.K. airline equipment market through the new division's subsidiary Watts Regulator (U.K.) based at Thrupp, near Stroud, Gloucester.

The deal, one of the largest ever concluded by CompAir, is to be financed in part by the residue of $3m. to $4m. left from the group's $10m. Convertible Bond issue this year (left after the group's restructuring of its overseas debt). The balance of around $11m. will be raised largely through borrowings in the U.S.

CompAir was born out of the marriage between two British manufacturers of air compressor equipment, Holman Brothers and Broom and Wade, in 1968—and with the blessing of the Industrial Reorganisation Corporation. It has made no secret of its strategy of investing mainly in the richer industrialised countries, which provide a more stable base for profit growth.

This strategy, known as G.10 (after the Group of Ten), pinpointed three main areas for expansion: Japan, Europe and the U.S. Plans to invest in Japanese manufacturing capacity however appear, for the present, to have been shelved—although the group did almost acquire one manufacturing company there—and instead the group has established a dealer network in Japan.

Mr. Masters said: "When CompAir was first formed we found ourselves strongly rooted in the old Commonwealth where prospects for growth were unexciting and we took the view that we needed to expand into other overseas markets. We also took the view that the richer nations would get richer while the poorer nations would (if not get poorer) then would not provide the sort of stable economy necessary to promote continuous growth."

Last year pre-tax profits increased by 30 per cent. to £12.2m. while turnover rose by 16 per cent. to almost £130m.

To date CompAir's strategy has been most evident in Europe where it is now one of the largest groups specialising in compressed air equipment within the EEC. It has major subsidiaries in Spain (where it is market leader), West Germany, France and Belgium and is currently looking closely at possible acquisitions in Holland.

This compares with the group's tiny involvement in Europe in 1971 when it owned a small Belgium subsidiary and held a 45 per cent. stake in a French and a Spanish company.

Around 70 per cent of sales are generated overseas and Continental Europe is thought to have contributed around 21 per cent. of total sales last year compared with only 10 per cent. in 1971. The North American contribution is expected to have been around 12 per cent. but this may approach 20 per cent. in the current year with the new acquisition.

The U.K.—a strong exporter both directly and indirectly through overseas subsidiaries—remains the group's principle manufacturing base employing around two-thirds of CompAir's worldwide labour force of around 10,000.

The group has also been steadily strengthening its U.K. facilities both through acquisition and product rationalisation.

While world demand for compressors and pneumatic tools is currently flat—pre-tax profits growth slipped to only 7.2 per cent. in the second half last year after a 70 per cent. gain in the first half—the group appears to be favourably placed to deal with the next upturn in demand, even though exchange rates look set to continue to operate against the group for some time yet.

Schroder's U.S. merger complete

Schroders Ltd., the British merchant bank, has now merged its two New York operations into the J. Henry Schroder Bank and Trust Company and completed a funding operation that effectively doubles the capital resources available to its U.S. firm. The British bank announced its plans for these moves in August.

Mr. Mark Maged, the president of Schroders Inc., the U.S. parent company, explained yesterday that the fusion of the Bank with the Trust company would allow Schroders to tap the Certificate of Deposit market in the U.S. for the first time. The increased capital in the U.S. would make Schroders Inc. a more viable U.S. banker for medium sized American companies and would allow the bank to balance its predominantly international business with a greater involvement in the U.S. banking market.

As foreseen in August, the Equitable Life Assurance Society, New York, the Bank of Nova Scotia, Toronto, and Allianz of America, a subsidiary of Allianz Versicherungs A.G., Munich, have each subscribed for approximately 5 per cent. of the equity share capital of Schroders Inc. at a total cost of some $US10.5m., following the enlargement of the equity of Schroders Inc., by a subscription of approximately $13.5m. by Schroders Ltd. The capital of Schroders Inc. is now owned as to 85.01 per cent. by Schroders Ltd. and 14.99 per cent. by the new minority shareholders.

Following the execution of the Loan Agreement between Schroders Inc. and Equitable, an initial $10m. (repayable between 1992 and 1996) has been drawn down. The remaining $10m. available under the loan arrangements will be taken down prior to 1982.

Schroders Ltd. has borrowed an aggregate of $6.8m. for a term exceeding 10 years from Bank of Nova Scotia and Allianz as part of the funding of its new capital subscription in Schroders Inc.

Based on a consolidated net worth of Schroders Inc. of about $40m., the new capital subscriptions provide an additional equity contribution of about $24m., which, added to the loan drawdown of $10m. from Equitable to Schroders Inc., has increased the funds employed in the Schroder U.S. Group to a current figure of about $80m. On the drawdown of the further $10m. loan from Equitable prior to 1982, this figure will increase to about $90m.

FMC/MARINE COLLOIDS

FMC Corporation, the diversified international company active in food process machinery and materials, agricultural equipment and other engineering and chemicals fields, has completed its merger with Marine Colloids, Inc. of Rockland, Maine. A definitive merger agreement has been signed between the two companies and was approved by Marine Colloids at a special stockholders' meeting on October 28.

FMC made a cash offer to acquire the business of Marine Colloids for $22.10 per share, representing an aggregate amount of some $28m.

CANNING BUYS COPAL FOUNDRIES

On December 30, 1977, W. Canning purchased the whole of the issued share capital of Copal Foundries for £200,000 cash and a loan note bearing a nil rate of interest of £700,000 payable on June 30, 1979, and 100,000 Ordinary shares in W. Canning having a current market value of £57,000.

A further consideration is payable in the event of the pre-tax profits of Copal Foundries exceeding £450,000 in the 19 months to June 30, 1979, equal to 45 per cent. of any such excess.

For the year ended November 30, 1976, Copal had a pre-tax profit of £239,000 on sales of £1.4m. Preliminary unaudited figures at December 31, 1977, show Copal having net tangible assets of some £750,000 including cash of £365,000 and indicate profits for the 1977 year similar to those of 1976.

Copal manufactures high quality aluminium gravity die-castings.

ICFC INVESTS IN CRANE HIRE

Industrial and Commercial Finance Corporation has invested £362,500 in a mobile crane hire company, to enable the five-man management team to acquire it from its parent organisation.

The company is Quinto Crane and Plant of Norwich—formerly RMC Crane and Plant prior to its purchase by the directors from Ready Mixed Concrete.

A spokesman for ICFC said yesterday that the money which his organisation was putting in, represented the great majority of the purchase price of Quinto. It is believed that the £12,500 of Participating Preferred Ordinary shares for which ICFC has subscribed is about 25 per cent. of the equity capital of the concern.

VALE DO LOBO SOLD

Mr. Sander Van Gelder, the Dutch diamond and property millionaire, has bought the 650-acre Vale Do Lobo golf and residential development in Portugal's Algarve. The scheme, initiated by Richard Costain and Trust Houses Forte, was put into voluntary liquidation in 1974 at the time of the Portuguese revolution. No details of the sale price have been released.

TUSSAUD'S/ATV

The chairman of Madame Tussaud's has written to shareholders stating that the Board is not recommending the ATV offer, which is considered wholly unrealistic. The chairman will be writing to shareholders shortly giving detailed reasons for rejecting the offer. Meanwhile shareholders are advised to take no action.

SHARE STAKES

Rio Tinto Zinc Corporation: Eagle Star Group has acquired a further 50,000 "B" Preference shares bringing its total holding to 310,000 (9.86 per cent.).

Francis Industries: Wesleyen and General Assurance Society now holds 27,500 5¼ per cent. Preference shares (13.75 per cent.).

George Spencer: Gilstan has disposed of 300,000 Ordinary shares reducing its interest to 323,050 shares (5.4 per cent.). Mr. S. H. Livingston is a director of both Gilstan and Geo. Spencer.

Stenhouse Holdings: Mr. G. Boyd and Mr. W. M. Wilson have acquired a further interest as trustees of the same trust in 33,798 shares. Mr. Wilson has an interest as a trustee in another trust in 854 shares.

Good start for J. A. Devenish

Mr. A. E. Ledger Hill, chairman of brewers J. A. Devenish and Company, tells shareholders in his annual statement that sales in the current year have been good and any improvement in the economy and reduction in inflation will benefit the company's affairs in the months to come.

As reported on December 8 pre-tax profits for the year to September 30 rose from £1.17m. to a record £1.32m. after being well ahead at the halfway stage from £51,131 to £207,064. The dividend is up to 5.9p (5.275p) with a 3.9p net final.

The chairman says that the final phase of the reorganisation at the company's Redruth brewery was completed early last summer. The new buildings, he adds, provide a base for a more efficient operation there.

Working capital decreased by £282,043 compared with a £343,118 increase. At November 28, 1977, Whitbread Investment Company held 25.61 per cent of the equity and Outwich Investment Trust 5.43 per cent.

Meeting, Weymouth on January 25 at 12.30 p.m.

Increased deficit at Barnagore

Group net loss for the year to March 31, 1977 of Barnagore Jute Factory emerged as £812,220 against £777,608 and again there is no dividend.

Following the implementation of the provisions of the (Indian) Finance Act 1975 applicable in conjunction with the (Indian) Income-Tax Rules 1962, the company's losses in India available at March 31, 1977, for setting against future profits assessable to tax are estimated at £1.29m. (£463,640).

For U.K. tax purposes the accumulated losses available at that date for setting off against future profits are estimated at £2.04m. (£1.31m.), it is stated.

British Cinematograph

Turnover for the six months to July 31, 1977 of British Cinematograph Theatres increased from £1.02m. to £1.19m. after VAT and profits advanced from £6,776 to £20,452 subject to tax of £11,835 compared with £3,690.

The directors say they expect full year results to be similar to last year when profits came to £57,721 and a dividend of 1.341125p net per 12½p share was paid.

	Six months 1977	Six months 1976	Year 1976-77
Gross turnover	1,315,935	1,146,873	2,407,575
VAT	126,805	128,279	250,331
Leaving	1,189,130	1,018,594	2,157,244
Trading profit	25,723	10,584	63,187
Depreciation	9,778	9,676	19,855
Rent. & inv. inc.	4,507	5,868	14,389
Profit before tax	20,452	6,776	57,721
Tax	11,835	3,690	24,985
Net profit	8,617	3,086	32,736

Lowland Inv. conversion

Lowland Investment Company has received conversion notices amounting to £423,280 in respect of the £448,552 of 7 per cent. convertible unsecured loan stock 1984-86, giving rise to an allotment of 994,708 Ordinary shares of 25p each in the company on December 31, 1977. In accordance with the provisions of the Trust Deed, the directors intend to require the holders of the outstanding stock to convert their holdings and notices will be despatched shortly.

ASSOCIATE DEAL

On December 30, W. Greenwell and Co. on behalf of discretionary clients of Brown Shipley and Co. sold 52,500 Associated Television Corp. "A" Ordinary shares at 114p.

MONEY MARKET

Interest rates easier

Bank of England Minimum Lending Rate 7 per cent.
(since November 25, 1977)

Interest rates were lower in the London money market yesterday. The one-year interbank rate opened at 7-7¼ per cent. and closed at 6¾-6⅞ per cent. Very short-term rates also declined, helped by the good supply of day-to-day credit. Discount houses buying rates for three-month Treasury bills eased to 6$\frac{9}{32}$-6$\frac{3}{16}$ per cent. from 6$\frac{7}{16}$-6⅜ per cent., suggesting a probable cut of ¼ per cent. to 6¾ per cent. in Bank of England Minimum Lending Rate at this week's Treasury bill tender.

Conditions were patchy as far as the discount houses were concerned, with some houses having difficulty in finding late balances, even though there was an overall surplus on the day. The authorities sold a small amount of Treasury bills to the market, but it is expected that there is still a surplus in the system to be carried forward.

Banks carried over very substantial balances from Friday, the market held maturing Treasury bills, and a sizeable fall in the note circulation was also in the market's favour. On the other hand fairly large revenue payment to the Exchequer exceeded Government disbursements, repayment was made of the large amount lent to the market on Friday, and settlement was made of gilt-edged sales.

Discount houses paid 6½-6¾ per cent. for secured call loans at the start, and closing balances were taken at 5½-6 per cent.

In the interbank market overnight loans opened at 6¾-7 per cent., and eased to 6-6½ per cent. at lunch, before rising to 6½-6¾ per cent., and closing at 5 per cent.

Rates in the table below are nominal in some cases.

Jan. 3 1978	Sterling Certificate of deposits	Interbank	Local Authority deposits*	Local Auth. negotiable bonds	Finance House Deposit	Company Deposits	Discount market deposits	Treasury Bills ⊕	Eligible Bank Bills ⊕	Fine Trade Bills ⊕
Overnight	—	5-7	—	—	—	7	5½-6⅞	—	—	—
2 days notice	—	—	6½-6⅞	—	—	7	—	—	—	—
7 days or 7 days notice	—	6⅛-7	6½-6¾	—	6¾-7⅛	—	5½-6⅞	—	—	—
One month	6⅝-6½	6½-6⅞	6½-6¾	7⅛-6¼	6¾-7⅛	7	6⅝	6¼	6½	7-7¼
Two months	6⅛-6⅝	6⅞-6¾	—	6⅞-6¼	6¾-7⅛	—	6⅝	6¼	6⅝	7-7¼
Three months	6$\frac{11}{16}$-6½	6⅝-6⅝	6½-6¾	6⅝-6¼	6¾-7	6¾	6¼	6$\frac{3}{16}$-6$\frac{1}{16}$	6¼	6⅞-7¼
Six months	6⅝-6¼	6½-6¾	6⅝-6¾	[illegible]	6⅞-7¼	—	—	—	6⅛	7¼
Nine months	[illegible]	6⅝-7	—	7-6	7⅛	—	—	—	—	—
One year	6$\frac{13}{16}$-6$\frac{11}{16}$	6¾-7	7	7¼-6⅝	7⅝	—	—	—	—	—
Two years	—	—	8-8⅛	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice; others seven days' fixed. * Longer-term local authority mortgage rates nominally three years 9½-9¾ per cent.; four years 9¾-10¼ per cent.; five years 10¼-10½ per cent. ⊕ Bank bill rates in table are buying rates for prime paper. Buying rate for four-month bank bills 6$\frac{3}{16}$ per cent.; four-month trade bills 7¼ per cent.

Approximate selling rate for one-month Treasury bills 6$\frac{5}{16}$ per cent.; two-month 6⅜ per cent.; and three-month 6$\frac{1}{32}$-6$\frac{1}{16}$ per cent. Approximate selling rate for one-month bank bills 6⅜ per cent.; two-month 6¼ per cent.; and three-month 6¼ per cent. One-month trade bills 6¾-7¼ per cent.; two-month 6¾-7¼ per cent.; and also three-month 6¾-7¼ per cent.

Finance House Base Rates (published by the Finance Houses Association) 8½ per cent. from January 1, 1978. Clearing Bank Deposit Rates (for small sums at seven days' notice) 3½-4¼ per cent. Clearing Bank Rates for lending 6½-7½ per cent. Treasury Bills: Average tender rates of discount 6.2931 per cent.

MINING NEWS

Talks for opening huge Malaysia tin deposit

BY KENNETH MARSTON, MINING EDITOR

NEGOTIATIONS to exploit what is currently the world's biggest tin reserve, located in 40,000 acres of the Kuala Langate district in Malaysia's Selangor State, have resumed between London's Charter Consolidated and the Selangor Government. Both sides are optimistic that a mutually satisfactory agreement will be finalised to enable mining to start within five years, reports our Kuala Lumpur correspondent.

The negotiations are being undertaken by Malaysian Mining Corporation, which is representing Charter Consolidated, while the Selangor Government is represented by its wholly-owned subsidiary, Kumpulan Perangsang.

MCC is the new name for New Tradewinds, the joint venture between Pernas Securities (71 per cent.) and Charter Consolidated (29 per cent.) which now controls the former London Tin group of companies in Malaysia.

In agreeing to the resumption of talks, the Selangor chief Minister, Datuk Hormat, has laid down two conditions: that at least 70 per cent. of the equity must be held by the State Government and local interests in accordance with new economic policy and that mining operations should cause little disruption to the several hundred Malay villagers in the area, which happens to be part of the chief Minister's constituency.

The past negotiations between Charter and the State Government had been tortuous, with disagreements over equity participation and financing of the project, and these problems were later complicated by political issues.

In 1973, Charter Consolidated's subsidiary undertook a survey over 7,500 acres on Brooklands Estate in Kuala Langat, and discovered that it contained as much as 303,000 tons of tin reserves, equivalent to some three years' Malaysian tin production. At current prices, the reserves are worth some $M8.5bn. (£1.9bn.), but they lie very deep in the ground, at depths of 300 to 400 feet.

An agreement to mine 30,000 acres of the surrounding area was signed with then Chief Minister, Datuk Harun, under which Charter would take 36 per cent. of the equity, Tronoh Mines 9 per cent and the remaining 55 per cent. for the State Government.

But after Datuk Harun's dismissal in March, 1976, the new Chief Minister, Datuk Hormat, refused to recognise the agreement, claiming that it was against the new oconimc policy.

NCC's chairman, Mr. Junus Sudin, said that in the coming talks, NCC would try to get the State Government to allow Tronoh Mines to take up a direct investment in the Kuala Langat project. Charter, through NCC, would also make representations to be reimbursed for the $M2.5m. incurred during the prospecting survey.

Mr. Junus stressed that a lot of work still had to be done in terms of further prospecting, design of dredges capable of digging at great depths, before actual production can begin.

Shares of Charter hardened to 130p yesterday while in an otherwise weak market in tin shares Tronoh held at 138p.

BC opposition to uranium

BRITISH COLUMBIA'S incipient uranium mining industry may not see a chance to get off the starting pad, comments our Toronto correspondent John Soganich. This development has come about as backers of the Rexspar project, potentially a relatively small mine as uranium mines go, face fierce opposition.

It is coming from various sources, including labour unions, environmentalists and the provincial Medical Association. In addition, criticism has come from the Federal Environmental Minister, Mr. Marchand, whose constituency embraces the potential mine site. This is near Clearwater, 65 miles north of Kamloops.

The property is held by Consolidated Rexspar Minerals and Chemicals, a member of the Denison Mines group. The Rexspar is looked upon as a $C27m. (£13m.) project (at 1977 prices) operating an open-pit mine and processing 7,000 tons of ore a week to produce 1,320 lbs of uranium oxide per day. Reserves in three zones have been put at more than 1.2m. tons averaging 1.54 lbs per ton.

In the meantime, a fairly active uranium exploration effort is under way in British Columbia. About the most promising prospect is the Blizzard, near Beaverdell. It is shared by Noreen Energy Resources, Lacana Mining, Campbell Chibougamau Mines and the West German-owned Sedimex Fund. Surface drilling at Blizzard has been under way for some time. The work has indicated a zone averaging two pounds of uranium oxide per ton across 27 feet and containing in the order of 2m. lbs. It is already regarded at a potential mine in some circles.

CRA KEEPS ITS AAR SHARES

Spokesmen for Australia's CSR in Sydney and Conzinc Riotinto of Australia in Melbourne have confirmed that CRA has retained its long-standing 12.65 per cent. stake in AAR and has not accepted CSR's recent offer for AAR shares.

The CSR spokesman said processing of acceptances of the offer, which closed on December 23, may take a few weeks more to complete.

Latest figures give CSR a stake of 82.66 per cent. in AAR and allotments to date of CSR shares to AAR shareholders total around 3.32m. shares. CSR's issued capital before the offer was 121.13m. $A1 par shares.

S. Africa's new £182m. coking coal projects

The South African state steel group, Iscor, is expected to finalise agreements early this year for two new coking coal projects which will probably cost over R300m. (£182m.) and are expected to make the country independent of coking coal imports by the 1980s.

Arrangements are well advanced at the first project, the R240m. Grootegeluk mine in the north-western Transvaal, for two rival banking consortia led by Barclays National and Standard, respectively, to lease equipment and plant up to about R170m. in a move which largely solves development problems arising from Iscor's shortage of funds.

Grootegeluk expects to start production in 1980 and has estimated reserves of 1,000m. tons, half blend coking coal and half middlings. The mine will be opencast, moving about 24m. tons of overburden annually, to produce 1.8m. tons of blend coking coal and 2.2m. tons of middlings for gasification or use in power stations.

Despite the high capital cost, the project is deemed necessary for strategic reasons. The two banking consortia are expected to submit their proposals by mid-January.

The second project, in the Soutpansberg area, falls within the Venda Homeland and drilling has shown coal quality to be higher than the best local coals, so avoiding the need for expensive imports. Iscor has invited the local mining houses to this deposit and a number, including Anglo American and Messina, have shown interest.

Apart from the strategic needs, opening up these sources of coking coal is expected to improve Iscor's blast furnace productivity.

Fiat restructuring to be completed next year

BY PAUL BETTS — ROME, Jan. 3.

FIAT, Italy's largest private company, plans to complete its group restructuring programme in 1979. This will see the giant holding company decentralised into 11 separate holdings linked to specific sectors of industrial activity, according to the company's financial director, Sig. Cesare Romiti.

The Turin-based concern, in effect, said to-day that its activities in the steel sector had been grouped together as from the New Year into a new company, Teksid SpA, with a share capital of L370bn. (about £240m.). This makes Teksid the tenth new holding set up by Fiat under its restructuring programme.

The Decentralisation programme aims at giving Fiat greater elasticity within specific sectors, bigger possibilities to enter into joint-ventures and to make it more competitive.

In a newspaper interview today, Sig. Romiti added that next year Fiat planned to set up the last of the new separate holdings which would group together the company's car manufacturing activities representing Fiat's biggest single industrial sector.

At the same time, Sig. Romiti said that Fiat would once again concentrate its investments as from 1979 in car production, with the target of producing a new model every year and the aim of gaining a 60 per cent. share of the Italian market and 6 per cent. of the European market. In recent years, the company has focused its investment policies on its industrial vehicles sector.

Fiat has now already allocated L2,000bn. over a five-year period for investments in the car sector. Sig Romiti, however, indicated that in the future it would be necessary to rationalise if not to merge production among the various European car manufacturers.

According to provisional 1977 figures, the Turin group is expected to report a profit of about L60bn. this year, similar to 1976, and to return a dividend of L150. But while the group's profits in 1976 were mainly due to the company's industrial activity, this year's profits are largely the result of Fiat's current sound financial position.

The company has managed to consolidate successfully its financial position by increasing its long and medium-term debts, according to Sig. Romiti, from L631bn. in 1976 to L667bn. last year, at the same time as transforming its short-term indebtedness into short-term money supply currently standing at about L392bn. This financial policy has been at the root of the company's positive turnaround.

Last year, group investment totalled L1 000bn, compared with L813bn. in 1976. Of the 1977 total, L222bn. went to the car sector while L328bn. was absorbed by the industrial vehicles sector. Some 80 per cent. of these investments were effected in Italy.

Consolidated group turnover last year, according to provisional figures, totalled 11,000bn., representing a 19 per cent. increase over the previous year. Overall car sales totalled L4,800bn., while industrial vehicles sales amounted to L3,000bn. The group's overall labour force also increased to 339,000 people last year.

Car production increased from 1,331,000 units in 1976 to 1,390,000 last year. The group's domestic market quota rose from 53.6 per cent. to 55.8 per cent. and in Europe to 5.9 per cent.

Fiat's plant in Brazil managed to secure a 9 per cent. share of the Brazilian market with a total production last year of 70,000 cars and this share is expected to increase to 13 per cent. this year.

Industrial vehicle production rose from 110,000 units in 1976 to 119,000 last year. Fiat's industrial vehicle subsidiary, Iveco, secured 87.6 per cent. of the domestic market, as well as increasing its market share in West Germany to 16 per cent. and to 15 per cent. in France.

Fiat's steel activities recorded a turnover last year of L1,030bn. according to provisional company figures.

Sig. Romiti, however, said that Fiat last year benefited only marginally from the recovery in world car manufacturing because of continuing labour problems and a weak domestic market. In view of Italy's uncertain economic situation, Sig. Romiti said that 1978 would be "difficult."

EUROBONDS

D-mark coupons lowered

BY MARY CAMPBELL

INTEREST continued to be focussed on the D-mark sector yesterday where three issues had their coupons cut. The currency-induced demand for D-mark foreign bonds is a continuation of the situation of the last two weeks, since the Bundesbank announced measures to cut back foreign flows into other D-mark denominated securities and bank deposits.

In contrast to the situation during last autumn the demand for D-mark issues is pushing up prices in th esecondary market as well as causing cuts in the coupons of issues whose terms have not yet been finalised.

The coupon on the Finnish and Swedish issues were cut yesterday to 5¾ per cent. from the 6 per cent. originally scheduled while the coupon on the Spanish Autopistas placement was shaved from the indicated 7¼ to 7 per cent. The other terms for this offering, which were finalised yesterday, included a price of 99¼, putting the yield at 7.09 per cent.

The coupon on Norway's DM200m. offering still technically stands at 5 per cent., but it seems extremely unlikely that it will end up above 4¾ per cent.

The new issue announced yesterday in this sector was DM150m. for Banque Francaise du Commerce Exterieur. The coupon is indicated at 5¾ per cent. on a ten-year final maturity (average life nine years). Dresdner Bank is lead manager.

Expected later this week, or early next, is a DM100-150m. offering for Brazil with Deutsche Bank as lead manager.

The London market opened for the new year yesterday surprisingly steadily in view of the plummeting dollar. The dollar closed at Sw.Frs.1.92 after a very large fall indeed for any single day, even by recent standards. Last Friday it stood at Sw.Frs.1.9887½. Against the D-mark, the dollar fell from DM2.0975 to DM2.06¼ between Friday and yesterday.

German retailer sees sales decline

By Guy Hawtin — FRANKFURT, Jan. 3.

NECKERMANN Versand, the ailing West German department store and mail order group which was rescued by Karstadt last year, saw its turnover drop by 9.1 per cent. last year. Total sales, including VAT amounted to DM2.33bn. in 1977 compared with DM2.6bn.

According to to-day's preliminary statement, Neckermann's mail order sales rose by 3.5 per cent. to DM1.3bn. The prefabricated housing subsidiary also did well with turnover up 18 per cent. to DM421m.—an all-the-more impressive achievement in view of the division's 41 per cent. 1976 sales rise.

The main reason for the overall group sales decline was a heavy 24.3 per cent. drop in department store turnover. Karstadt, Europe's largest store group, took over seven of Neckermann's stores last year, while the remainder turned over DM900m., including VAT.

Neckermann's travel subsidiary, which reported on the travel trade's traditional 1976-1977 business year, reported a 2.8 per cent. growth rate which brought turnover up to DM732m. This was rather slower than 1975-76's 10 per cent. sales increase.

The group's Dutch mail order subsidiary did particularly well with turnover up 33 per cent. to Fl.90m., while the French mail order operation reported a 1.8 per cent. fall in sales to Frs.150m.

It was also announced yesterday that sales Kaufhof AG rose by 2.2 per cent. in 1977 to DM7.09bn. while parent company turnover increased 1.3 per cent. to DM5.46bn. Selling space of this West German retailer rose 3.3 per cent. to 945,000 square metres.

Kaufhof said in October that earnings were running below 1976's net profit of DM63.2m.

Railway bonds

STE. NATIONALE de Chemins de fer Francais is offering Frs.400m. of savings bonds over 10 years at 6½ per cent. giving subscribers the chance to win free mileage on the French railway system. The official gazette said the 6.5 per cent. interest paid on accounts at French savings banks in 1977 will continue this year.
Reuter

DUTCH NEWS

Good European response for EOE

BY CHARLES BATCHELOR — AMSTERDAM Jan. 3.

THE PLANNED European Options Exchange (EOE) has had a good level of applications from Holland and France but potential members from the U.K., the U.S. and Germany face some problems.

There have been a large number of provisional applications from interested British companies but no definite ones before talks between the EOE, the London Stock Exchange, the Bank of England and the Board of Trade have been completed, Mr. Philippe Korthals Altes, chairman of the Amsterdam Stock Exchange told a press conference.

The Bank of England is still considering the EOE's request for British participants to be exempted from paying the dollar premium. Approval for the EOE by the Dutch Minister of Finance last month meant the Exchange's Board could seek definite applications from potential members. More than 300 provisional applications were made in the months before the Ministry of Finance gave approval.

Interest from the U.S. depends partly on the Securities and Exchange Commission's view of the Dutch plans, Mr. Korthals Altes said. The SEC told members of the EOE's managing commission in December that they would not oppose Amsterdam's plans but options trading in the U.S. is currently being reviewed by the SEC.

The problems in the U.S. are unlikely to occur in Amsterdam where the EOE is aiming for a turnover of between 6,000 and 10,000 contracts a day after one year. Turnover on the five U.S. options exchanges was 180,000 contracts a day. This was much higher than expected and it is easy to understand that this created problems for the supervisory authorities, Mr. Altes said. But Amterdam plans continuous matching of deals throughout the trading day and will not wait, as in the U.S., until the end of the day.

In Germany the stock exchanges are still trying to expand their own options trading operations although they will still not offer the full service to be provided by the EOE. A problem facing potential German members is that members of German exchanges can in some cases be made responsible for investment advice. In general applications are coming in according to expectations and show a wide geographical spread. The EOE still hopes to meet its target starting date of April 4 but "you must not blame us if it takes longer." Mr. Altes said.

The opening of the Options Exchange will mean the Stock Exchange must set new regulations for trading which now takes place outside the official bourse hours of 11.30 a.m. to 1.15 p.m.

Poor second half hits profits at DSM

BY OUR OWN CORRESPONDENT — AMSTERDAM, Jan 3.

DSM, the Dutch-owned chemicals company, said it expects its 1977 financial result will be lower than in 1976 when it achieved net profit of Fls.132m. Last year did not produce the expected market recovery for the company's prinicpal products, DSM chairman Dr. Wim Bogers said in a New Year message to the staff in Heerlen. Sales by volume were disappointing while price levels were even more so. Sales in 1976 were Fls. 9.31 bn.

According to Dr. Bogers, the second half of 1977 was particularly disappointing. The current year is unlikely to show any improvement but thereafter the outlook is slightly more promising, he said. DSM has the problem of a small home market which means it is heavily dependent on exports. Yet it must compete from a position of high wage levels, high energy prices, substantial anti-pollution expenses and a hard currency.

Dr. Bogers said, however, he thought Dutch competitiveness on foreign markets would be restored within a few years, particularly within the Common Market. DSM plans to concentrate its export drive on western Europe and will gradually withdraw from far-flung and expensive markets.

DSM will cut back on investment spending in the next few years. Investments totalled Fls. 1.28 bn. in 1976 and were forecast to rise substantially in 1977.

DSM also announced that it has acquired Chem-Y Fabriek van Chemische Produkten of Bodegraven and Chem-Y of Emmerich, West Germany. Chem-Y manufactures surface active agents and starting materials for cosmetics, detergents and cooling liquids; largely protected by its own patents. It will be integrated in DSM's industrial chemicals division.

Estel sees record loss

THE DUTCH-GERMAN steel group Estel expects 1977 will result in the largest loss in its history after the fourth quarter unexpectedly produced a large deficit reports our Amsterdam Correspondent. The company reported a net loss of Fls.282m. i nthe first nine months of 1977 but said in November it expected cost-saving measures would lead to an improvement in the final three months. Its previous worst ever year was 1975 when it made a net loss of Fls.202m. in the 12 months though it recovered somewhat in 1976 when it made a net loss of Fls.69m.

It is not yet able to publish figures for the final quarter of last year but it expects to report a large loss, Estel chairman Mr. Jan Hooglandt said in his New Year message. In the final quarter of 1976 it made a net profit of Fls.25.2m.

Estel's Dutch division, Hoogovens, produced 4.6m. tons of crude steel at its Ijmuiden plant last year, 200,000 tons down on 1976 and 800,000 tons down on the record year of 1974. It worked below capacity in most sectors, including at only 60 per cent. capacity in the steel sector. Estel's result was adversely affected by rising costs, currency fluctuations and pressure from cheap imports from outside the Common Market.

£10m. plan at Jeff. Smurfit

A £10M. investment programme and a £1.5m. acquisition were announced yesterday by Jefferson Smurfit, the Dublin based printing and packaging group.

The investment programme, to be put into operation over the next year, will be aimed at new plant and equipment and expansion moves that are expected to create some 100 new jobs. "This reflects by far the larger proportion of the group's projects for next year and reflects management's renewed confidence in the Irish economy," said a statement.

The £1.5m. acquisition gives the group complete control of the Irish Paper Sacks company. Already holding 49 per cent. of the shares, Jefferson Smurfit is now buying for cash the 51 per cent. interest of Reed International.

French public works convertible issue

PUBLIC works company Screg SA will raise Frs.60m. through a 9.75 per cent. convertible bond with a maturity of ten years. The bonds may be converted into Screg equity shares from July 1, 1978 onwards. Subscription is reserved for existing shareholders on a three bonds for 10 share basis.

The bonds are to be issued at par and will be paid back in annual drawings from 1981 onwards at prices rising to Frs.158, giving an overall yield of 11.27 per cent. in case of non-conversion.

Other issues in the market this week are the three conventional bonds being issued by Diac-Equipment, Ufinex and Petrofigaz, which are raising Frs.200m., Frs.106m. and Frs. 100m. respectively.
Reuter

ENI in Algeria

Italian State oil company ENI's subsidiary Saipem has signed a contract with the Algerian State oil concern Sonatrach for service and repair of a 250 kilometre oil pipeline, Reuter reports from Rome the contract, worth almost £25m. will be paid for in dollars and Algerian currency.

Hilti looks for rise

DESPITE the upward trend in the Swiss franc and weak markets for a number of its products, the Liechtenstein concern Hilti AG, Schaan, expects a rise in net turnover from Sw.Frs.679m. in 1976 to some Sw.Frs.750-760m. in 1977. Profits are seen as having improved from Sw.Frs.15.4m. to Sw. Frs.18.5-19m. for the year.

Hilti, a specialist in assembly units and power tools, invested some Sw.Frs.38.5m. during 1977, as compared with an original budget of Sw.Frs.26.4m., cash flow having risen substantially. Research and development expenditure amounted to Sw.Frs. 19.1m., and is to be increased to more than Sw.Frs.21m. in 1978.

Japan-Urenco talks

Japanese electric power companies are expected to start consultations next year with Urenco, the Anglo-Dutch-West German uranium enriching enterprise, on possible participation in the joint undertaking and purchase of enriched uranium from it, according to sources in Tokyo, AP-DJ reports. The sources said Urenco representatives have asked major Japanese power concerns to invest in the enriching company and to buy enriched uranium.

Mannesman in Mexico

Mannesmann has obtained a further order from Petroleos Mexicanos (PEMEX), the Mexican state oil monopoly, for steel pipes to be used in building a 1,183 kilometre section of the projected gas pipeline from the Chiapas-Tabasco oil fields to the U.S. border, Reuter reports from Dusseldorf.

Sales up but PLM profits fall sharply

BY WILLIAM DULLFORCE — STOCKHOLM, Jan. 3.

PLM, the Swedish metal can, packaging and waste treatment concern, shows a profit slide from Kr.71.8m. to Kr.24m. (£2.7m.) after extraordinary items in its preliminary report for 1977. This corresponds roughly with the forecast made at the eight-month stage, but is well below the Kr.80m. profit target set at the beginning of the year.

The 9 per cent. increase in sales to Kr.2.04bn. (£230m.) was better than anticipated in the eight-month interim, and only slightly short of the target set by managing director Ulf Laurin in the 1976 annual report.

The Board proposes to pay shareholders an unchanged dividend of Kr.6 a share for 1977. The preliminary, unaudited figures show net adjusted earnings of about Kr.9 a share, compared with Kr.15 a share in the previous year, but this does not include the devaluation loss of Kr.20m., which is contained within the Kr.24m. pre-tax profit reported.

If this loss and other extraordinary items, including a Kr.13m. profit from the sale of assets, are eliminated, the pre-tax figure comes out at about Kr.35m., compared with Kr.68.8m. in 1976. If the devaluation loss is included, net adjusted earnings would be around Kr.5.30 a share, and would not cover the proposed dividend.

The setback experienced by PLM last year stems from the weakening of its domestic market and the effect of the two devaluations of the Krona on the concern's foreign borrowing charges and costs. However, the preliminary report forecasts improved earnings in 1978 and a 10 per cent. rise in turnover to Kr.2.25bn.

CDF-Chimie loss

PARIS, Jan. 3.

CDF-CHIMIE, the chemical arm of the state coal company, Charbonnages de France, will probably have made a loss in 1977 for the first time in five years, Chairman Jean Petitmengin said in the company's news review.

In 1976, CDF-Chimie made a parent company profit of Frs.10m.

Consolidated turnover in 1977 rose 4.7 per cent. to around Frs.4.8bn., Petitmengin said.

Petitmengin said that the fall in plastics prices had caused a considerable loss in the company's plastics division, which other sectors had not been able to recover.

He said that if the economy does not improve CDF-Chimie will require an injection of funds to help cover the expenses incurred by its Dunkirk steam-cracker project.

Group investments reached Frs.760m. in 1977 from 491m., while parent company investments slipped to Frs.360m. from 378m., Petitmengin added.
Reuter

Refining technology move

REFINERS throughout the world now have access to the combined fluid catalytic cracking technology of the Pullman Kellogg division of Pullman Incorporated and Standard Oil (Indiana).

Under terms of a five-year agreement, technical information from both companies will be joined to assist in the design, procurement, construction, operation and maintenance of licenced units for commercial use of the gas-oil fluid catalytic cracking process.

A process used to convert certain petroleum distillate fractions to high-octaine gasoline. The agreement covers the improvement of existing units as well as the design of new facilities.

Pullman Kellogg will act as the licensing agent, offering licences incorporating information developed by both companies.

Officials of both companies believe the combined technology represents the best of both worlds, incorporating Kellogg extensive experience in the design of more than 100 fluid catalytic crackers throughout the world and the broad-based refinery operating experience of Amoco Oil Company, a subsidiary of Standard Oil.

Capital increase for BEC

By David Buchan — BRUSSELS, Jan. 3.

THE BANQUE Europeene de Credit (BEC) has had its capital raised by B.Frs.616m. to a total of B.Frs.2.856bn. ($84.7m.) by its seven bank shareholders, among them Midland Bank. The enlarged capital is to cover increased business by the bank, chiefly in medium term Eurocurrency loans.

BEC says that its medium term loan volume virtually doubled in 1977, compared with 1976, that its end-1977 balance sheet total had increased over the previous 12 months by 25 per cent., and that the 1977 profit figure is likely to have risen by even more.

BEC's own funds now amount to $109.7m., with the capital increase entirely subscribed by the seven banks. Subordinated lines of credit from the banks to BEC remain at $127m.

Founded in 1967 by the EBIC group of banks, the Brussels-based BEC still gets most of its business from introductions by the EBIC banks. But BEC officials say that increasingly their bank now approaches clients directly, though management expertise is still largely supplied by the individual national banks. The seven EBIC banks are: Societe Generale de Banque SA (Belgium), Amsterdam-Rotterdam Bank, NV, Banca Commerciale Italiana, SpA, Creditanstalt-Bankverein, Deutsche Bank, Midland and Societe Generale (France).

Arbed steel talks open

NEGOTIATIONS open to-day between Arbed SA of Luxembourg and representatives of the West German Roechling family on Arbed's planned acquisition of the outstanding stock of Stahlwerke Roechling-Burbach GmbH. Basis for the talks, to be held in Dusseldorf, is Arbed's proposal to pay the Roechling family for its interest in Stahlwerke Roechling in the form of Arbed shares plus shares of unspecified Arbed subsidiaries in West Germany. Arbed already holds 50 per cent. of Stahlwerke Roechling.

The transaction is aimed to be part of a complete restructuring of the steel industry in the West German state of Saarland and would be dependent on "financial assistance" from the West German Government.
AP-DJ

هكذا من الأصل

CD experiment starts in Asian dollar market

BY ANTHONY ROWLEY

SINGAPORE, Jan. 3.

SOME 25 offshore banks here to-day began issuing U.S. dollar negotiable certificates of deposit (CDs) designed to attract more international funds to the Singapore-based Asian dollar market.

It is hoped that CDs issued here will in time become to the Asiadollar market what London-issued CDs are to the Eurodollar market—a medium-term capital instrument, lying between short-term bank deposits and longer-term bonds.

The monetary authorities and banks here believe that funds from America and Europe, as well as Asia, will find the Asiadollar market more attractive now that a medium-term negotiable instrument has been introduced.

It is also hoped that CD portfolios traded in the U.S.$20bn. London CD market will in future be traded in Singapore after London and New York markets are closed, now that similar securities are available in Singapore.

The bulk of the funds invested in the U.S.$19.328bn. Asiadollar market here are short-term inter-bank deposits, and much of this money could find its way into CDs, which represent a cheaper source of borrowing for offshore banks than fixed deposits, and which present lenders with more flexibility in view of the certificate's negotiability.

The certificates of deposit being issued by the Asian currency units (ACUs) of Singapore banks are for a minimum investment of U.S.$50,000, which monetary authorities believe will put them within reach of wealthier private investors in the region, as well as of corporate treasurers. Eventually it is hoped that many more of the 77 ACUs here will issue CDs.

Some 60 banks and financial institutions are acting as authorised depositories for the bearer instruments; and the Hongkong and Shanghai Banking Corporation in Singapore is operating a clearing centre among the depositaries. U.S. investment bankers Merrill Lynch International (Asia) and First Boston (Asia) will be the principal market makers in CDs initially although other merchant banks will participate.

For the time being the clearing centre will deal only with fixed interest CDs, offered at interest rates marginally below fixed bank deposits of equivalent maturity, although floating rate issues, such as those made here recently by two Japanese banks (although denominated in U.S. dollars), are likely to become a bigger segment of the market in time.

Moderate interest was reported at the end of the first day trading with ACUs having to offer less of a premium over London rates than had been expected in order to attract funds. Bankers feel that the success of the CD experiment will hinge, however, on how active the secondary market in these new instruments proves to be.

An attempt by Citibank to launch U.S. dollar CDs here in 1970 failed through lack of interest, although the Asia Dollar Market as a whole has expanded dramatically since then.

The banks issuing CDs here include some of the bigger local banks, as well as the offshore branches of leading international banks from America, Europe and Japan, although the full list has not been officially disclosed by the Monetary Authority of Singapore.

The maturity of the CDs generally averages between 30 days and one year, although ultimately maturities of up to five years will be available.

Malaysia is to raise $400m. on the Euromarket via a group of banks headed by Chase Manhattan. The loan, which will be for eight years, is substantially larger than Euromarket observers were last week expecting.

Trading opens in Jordanian market

By Rami G. Khouri

AMMAN, Jan. 3.

JORDAN'S DRIVE to develop more sophisticated domestic financial institutions, with the aim of playing a greater regional economic role in the Middle East, took another step forward this week-end with the opening of the Amman Stock Market.

The market opened its doors on Sunday and began trading the shares of 62 Jordanian public shareholding companies listed on the new market.

The market now deals only in Jordanian stocks and shares, but will soon also trade in Government bonds and, when these are introduced onto the relatively unsophisticated Jordanian market, in municipal and private corporate bonds. Non-Jordan stocks and bonds will not be listed on the Amman market for the time being, though non-Jordanians are free to buy and sell on the Amman market under the laws.

The 41 companies that form the core of the market have a total of 51m. shares.

The chairman and general manager of the Amman Stock Market, Dr. Hashem Sabbagh, has told the Financial Times that he expects annual trading volume of the Amman market to reach $30m. after one year.

The directors of the Amman Stock Market also are keen to elicit the interest of international brokerage houses in providing their services to the newly-emerging Jordanian brokers.

Olympic Airways planning major capital outlay

BY OUR OWN CORRESPONDENT

ATHENS, Jan. 3.

PLANNING staff of Olympic Airways, Greece's state-owned national airline, have drafted a feasibility report which recommends an investment of between $285m. and $457m. on purchases of new aircraft to meet an anticipated increase in passenger and cargo traffic. The report underlines that unless this investment is made the company stands to run up a deficit of $21m. over the next five years.

The report foresees a 10 per cent. annual increase in passenger traffic in the five year period which would increase the number of people flying Olympic Airways from an estimated 3.84m. this year to about 6.2m. in 1982. Cargo traffic is expected to reach 100,000 tons by 1982.

According to the investment programme, Olympic Airways plans to purchase new aircraft, will form an affiliate company to handle charter flights, plans to purchase or convert aircraft for exclusive cargo transport, and has programmed the expansion of its network internationally to include Moscow, Lyons and Milan. It also plans the extension of its Far East service to Melbourne, Australia, and additional gateways to North America.

The airline's fleet to-day consists of 25 Boeing jets, two of which are 747 Jumbos. In addition, the carrier has seven 64-seat Japanese-made YS-11s which it wants to phase out. The feasibility report suggests various combinations regarding the purchase of new airliners. But it is in favour of the purchase of two Boeing 747 (Jumbo) jets, one Boeing 737, and five A-300 B-W airbus airliners.

The European airbus manufacturing company has already made an offer to Olympic Airways for the sale of the 251-seat plane. The wide-bodied airliner, which can also carry up to 30 tonnes of cargo, costs about $25m.

In March, 1976, Olympic Airways bought four Boeing 737-200 jets, which can carry 120 passengers, in a $35m. deal which included $8m. in spare parts. The cost of that order was covered through 10-year foreign bank loans, mainly from the Export-Import Bank.

The feasibility report suggests that the purchase of the new airliners should be covered in the same way. It also suggests that it would be more profitable to buy the seven Boeings now leased from a company belonging to the late shipping magnate Aristotle Onassis from whom the State bought Olympic Airways in 1975.

Finally, the report recommends the purchase of a computer system worth $15m. which will have the capacity of handling approximately $13m. worldwide reservations annually.

Textile Alliance loss

HONG KONG, Jan. 3.

TEXTILE ALLIANCE announced an interim dividend of nil (same) for year ending March 31, 1978. The company anticipates a nil final dividend (same).

The group said that it continued to incur losses in six months to September 30 but did not disclose interim trading figures.

The company forecasts further operating losses for year to March 31, 1978, in the absence of an improvement in world textile markets over the past six months and in view of some adverse effects likely to result from the recently negotiated international textile agreements.

The company has increased its issued capital from $HK29m. to $HK287.6m, following Toray Industries Inc. agreed subscription for an additional 2.9m. $HK10 shares at par. Toray now owns almost 50 per cent. of Textile Alliance.

This capital injection, combined with proceeds from the sale of certain group properties surplus to requirements, will provide sufficient short-term working capital while the group continues to rationalise its activities.

Reuter

Newspaper employees to receive shares

By Mervyn de Silva

COLOMBO, Jan. 3.

EMPLOYEES of Associated Newspapers, the island's largest publishing company, will be issued shares in AN. Each of the 1,800 employees will be entitled to five shares for every five years of service.

The value of the shares will be collected by the company in ten monthly instalments. The management's announcement coincides with the sixtieth anniversary of the Ceylon Daily News, Sri Lanka's best known paper.

A family business, the Lake House Press as it is commonly known, was taken over in 1973 by the Bandaranaike government which vested 75 per cent. of the shares in a public trustee leaving the balance in the hands of the original shareholders. The management said to-day that its decision was in line with the new government's policy of "employee participation" in major enterprises.

* * *

Kempas (Malaya) Berhad of Singapore has gained control of Taiping Consolidated Berhad by acquiring an additional 2,000 shares. It now holds more than 50 per cent. of the equity of Taiping. At the same time, Perlis Plantations Berhad has informed the Kuala Lumpur Stock exchange that its pre-tax profit for year ended September was 1.4m. Ringgit. No comparative figures are available.

Tel Aviv trading at peak level last year

BY L. DANIEL

TEL AVIV, Jan. 3.

ACTIVITY ON the Tel Aviv stock exchange reached exceptionally high levels in the year just ended. No less than I£8.5bn. (nearly £300m.) was invested by the public, and by institutional investors during the year—I£6.5bn. (just over £224m.) in shares, and the remaining I£2bn. in index-linked Government bonds.

Some 45 per cent. of the investment in shares was in the stock of the commercial banks, while a bare £14m. was put into industrials.

The rise of the share index between January 1 and December 31 was 105 per cent., despite a sharp drop towards the end of 1977 (a reversal set in mid-November). The index now stands at 205 (based on 100 at December 23, 1976). Mortgage banks performed best, with a rise of 200 per cent. following by insurance companies with 120 per cent., and industrials with 50 per cent. Construction ranked lowest.

The overall volume in share trading during 1977 was five times larger than in 1976, while that in index-linked bonds was up only 30 per cent., which means an underlying drop of 10 per cent. in view of the 40 per cent. rate of inflation. Nevertheless, the overall index for bonds kept pace with this rate, finishing at 140.

All this reflects the "discovery" of the Stock Exchange by the man in the street here. Whereas the population as a whole went in for index-linked savings schemes or index-linked bonds till 1977, the sharp rise in share quotations in the early months of the year attracted widespread, indiscriminate and uninformed investment on the stock market, despite repeated warnings by the Exchange.

When the break came in November, bitter recriminations were heard against the structure of the Exchange (where traditionally the banks act both on their own behalf and for their clients, as well as their own investment funds). Since banking shares are also the most sought-after stock in view of their high yield, ways and means are being studied to prevent a conflict of interest.

Dutch bank's Swiss stake

BY JOHN WICKS

ZURICH, Jan. 3.

A CONTROLLING interest of 60 per cent. in the Swiss bank Neue Bank Zuerich has been acquired by the Dutch banking concern, Algemene Bank Nederland. Shareholdings of 30 per cent. 20 per cent., respectively, in the Zurich bank have been taken over by ABN from its own subsidiaries, Mees en Hope NV, and de Neuflize, Schlumberger, Mallet (of Paris) and a 10 per cent. stake hitherto held by Morgan Guaranty.

The remaining 40 per cent. of the Neue Bank Zuerich capital stays in the hands of the Scandinavian banks, Andresens Bank, Oslo (10 per cent.), Skandinaviska Enskilda Banken, Stockholm (15 per cent.), and Privatbanken, Copenhagen (15 per cent.).

Neue Bank Zuerich, which was established in 1960, has capital plus reserves of Sw.Frs.30m. and total assets as of the end of September of Sw.Frs.265.98m. It owns the export financing and forfait financing company Monaval Finanz AG, also of Zurich.

SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer
Alcan Australia 8¾pc 1989	98¼	98¾
AMEV 8pc 1987	96½	96¾
Australia 8½pc 1992	96	96½
Australian M. & S. 9½pc '92	100	100½
Barclays Bank 8½pc 1992	97½	98¼
Bowater 9½pc 1992	98¼	99
Canadian N. Rly 8¾pc '86	98¼	99
Credit Natl. 8¾pc 1986	98	98½
Denmark 8¾pc 1984	99½	100¼
ECS 9pc 1995	99¼	100¼
ECS 8¾pc 1997	98½	99
EIB 8¾pc 1992	98½	100
EMI 9½pc 1989	99¼	100
Ericsson 8¾pc 1989	98¼	99¼
Esso 8pc 1986 Nov.	100¾	101
Gt. Lakes Paper 8¾pc 1984	99½	100¼
Hamersley 9½pc 1992	100¾	101¼
Hydro-Quebec 9pc 1992	97½	98
ICI 8¾pc 1987	97½	98¼
ISE Canada 9¼pc 1986	102¼	103¼
Macmillan Bloedel 9pc '92	99¼	100
Massey Ferguson 9¼pc 1991	102¼	103¼
Michelin 9¾pc 1988	101¼	102¼
Midland Int. Fin. 8¾pc '92	98¼	99
NCB 8pc 1987	95½	96¼
Nat. Westminster 9pc 1986	102¼	102¾
Newfoundland 9pc 1989	100¾	101
Norges Komm. Bk. 8¾pc '92	97	97½
Norpipe 8¾pc 1989	97½	98
Norsk Hydro 8¾pc 1992	97½	98
Oslo 9pc 1988	100	100½
Ports Autonomes 9pc 1991	99¾	100¼
Prov. Quebec 9pc 1995	96½	97¼
Pr. Saskatchewan 8¾pc '86	100½	101
Reed Intl. 9pc 1987	96½	97
RHM 9pc 1992	96½	97¼
Selection Trust 8¾pc 1989	93½	94¼
Skandinaviska En. 9pc '91	100	100½
SKF 8pc 1987	94½	95
Sweden (Kingdom) 8¾pc '87	96¼	97½
Utd. Biscuits 9pc 1989	99¼	100
Volvo 8pc 1987 March	94½	95

NOTES	Bid	Offer
Australia 7¾pc 1984	96	96½
Bell Canada 7¾pc 1987	96¼	97¼
Br. Columbia Hyd. 7¾pc '85	95½	96
Can. Pac. 8¼pc 1984	99½	100
Dow Chemical 8pc 1986	100½	101
ECS 7¾pc 1982	97½	98
ECS 8¼pc 1989	97½	98
EEC 7¾pc 1982	97½	98
EEC 7¾pc 1984	96½	97¼
Enso Gutzeit 8¾pc 1984	97	97½
Gotaverken 7¾pc 1982	97¼	98¼
Kockums 8pc 1983	97¼	98¼
Michelin 8¾pc 1983	100	100½
Montreal Urban 8¾pc 1981	99	99½
New Brunswick 8pc 1984	97¼	98¼
New Bruns. Prov. 8¾pc '83	101	102¼
New Zealand 8¾pc 1986	97½	98¼
Nordic Inv. Bk. 7¾pc 1984	96½	97¼
Norsk Hydro 7¾pc 1982	97½	98¼
Norway 7¾pc 1982	97	97½
Ontario Hydro 8pc 1987	96½	97¼
Singer 8¾pc 1982	100	100½
S. Scotland Elec. 8¾pc '81	99½	100¼
Sweden (Kingdom) 7¾pc '82	97	97½
Swedish State Co. 7¾pc '82	97¼	98
Telmex 9½pc 1984	98½	99¼
Tenneco 7¾pc 1987 May	93½	94¼
Volkswagen 7¾pc 1987	95	95¼

STERLING BONDS	Bid	Offer
Courtaulds 9½pc 1989	94	95½
ECS 9¾pc 1989	100¼	101
EIB 9¾pc 1992	97½	98½
Fin. for Industry 9¾pc '87	97½	98½
Fisons 10½pc 1987	98½	99½
Total Oil 9¾pc 1984	97	97½

DM BONDS	Bid	Offer
Austria 6½pc 1985	106¼	107
BFCE 7pc 1987	103½	104½
Denmark 6¾pc 1985	104½	105
EIB 6¾pc 1984	105½	106
Grand Met. 7pc 1984	100½	101½
Hydro-Quebec 6¾pc 1987	101	101½
ICI 6¾pc 1987	106	105½
Montreal 7pc 1987	102¼	103
Norges Gas 7pc 1989	105½	106½
Norsk Hydro 6½pc 1989	105	105½
Norway 5¾pc 1982	103½	104½
Shell 6½pc 1989	103	104½
Spain 6¾pc 1984	100½	101½
Sweden 6¾pc 1984	105½	106½
World Bank 6¾pc 1987	103½	104½

FLOATING RATE NOTES	Bid	Offer
Bk. of Tokyo 1984 7 13/16pc	99½	99¾
BFCE 1984 7pc	97½	97¾
BNP 1983 6¾pc	98½	98¾
CCF 1983 7pc	98½	98¾
CGMF 1984 6 13/16pc	97½	98
Creditanstalt 1984 7¼pc	98½	98¾
Credit Lyonnais 1982 6¾pc	98½	98¾
D.G. Bank 1982 7 13/16pc	99½	100¼
GZB 1981 7¾pc	100½	100¾
Intl. Westminster '84 7 13/16pc	99	99½
Lloyds 1983 7¾pc	99¾	100¼
LTCB 1982 6¾pc	99	99½
Midland 1982 8pc	101½	102
Midland 1987 7 13/16pc	98	98½
OKB 1983 6¾pc	99½	99¾
SNCF 1985 6 13/16pc	97	97½
Stand. Chartered 1984 6¾pc	98½	99
Wms. & Glyns 1984 7pc	98½	99½

Source: White Weld Securities.

CONVERTIBLES	Bid	Offer
American Express 4¾pc '87	80	82
Ashland 5pc 1988	91½	93½
Babcock & Wilcox 6¾pc '97	95	96
Beatrice Foods 4½pc 1992	96	97
Beatrice Foods 4¾pc 1992	108	110
Beecham 6¾pc 1992	102	103
Borden 5pc 1992	99½	101½
Broadway Hale 4¾pc 1987	75	77
Carnation 4pc 1987	79	81
Chevron 5pc 1988	123	125
Dart 4¾pc 1987	78	81
Eastman Kodak 4½pc 1988	85	87
Economic Labs 4¾pc 1987	79	81
Firestone 5pc 1988	81	83
Ford 5pc 1988	83	85
General Electric 4¼pc 1987	92½	94½
Gillette 4¾pc 1987	77	79
Gould 5pc 1987	112	114
Gulf and Western 5pc 1988	76	78
Harris 5pc 1992	148	150
Honeywell 6pc 1986	85	87
ICI 6¾pc 1992	87½	89½
INA 6pc 1997	95½	96½
Inchcape 6¾pc 1992	107½	109½
ITT 4½pc 1987	85	87
Jusco 6pc 1992	104½	105½
Komatsu 7½pc 1990	99½	100½
J. Ray McDermott 4¾pc '87	166	168
Matsushita 6½pc 1990	116½	117½
Mitsui 7¼pc 1990	101½	102½
J. P. Morgan 4¾pc 1987	95	97
Nabisco 5½pc 1988	98	100
Owens Illinois 4½pc 1987	121½	123½
J. C. Penney 4¼pc 1987	75	77
Revlon 4¾pc 1987	113½	115½
Reynolds Metals 5pc 1988	85	87
Sandvik 6¾pc 1988	104½	105½
Sperry Rand 4¾pc 1987	94½	96½
Squibb 4¾pc 1987	78	80
Texaco 4¾pc 1988	78	79
Toshiba 6¾pc 1992	90½	91½
Union Carbide 4¾pc 1982	91½	93½
Warner Lambert 4¾pc 1987	79½	81½
Warner Lambert 4¾pc 1988	74½	76½
Xerox 5pc 1988	77	79

Source: Kidder Peabody Securities.

Index down 13 on dollar weakness

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Jan. 3.

ACUTE DOLLAR weakness abroad and inflation fears at home drove stock prices on Wall Stree sharply lower to-day in moderate trading.

The Dow Jones Industrial Average ended 13.43 down at 817.74, after touching 815.06, and the NYSE All Common Index fell 68 cents to $61.82, while declines outnumbered rises by 1,061 to 410. Turnover amounted to 17.72m. shares, a reduction of 5.84m. against last Friday's level.

Analysts said there were no new developments to-day to account for the dollar's fall. They cited doubt and uncertainty among foreigners about the future course of U.S. monetary policy under G. William Miller, appointed last week by President Carter as chairman of the Federal Reserve Board.

While the appointment met with the general agreement of the domestic business and financial community, some expressed concern about Miller's remark in a speech early last year that selective Government controls on the economy could be useful to deal with inflation and unemployment.

Glamours and Blue-Chips issues were among the hardest hit. IBM fell 4⅞ to $268⅞, Du Pont 3⅞ to $116⅛, Texas Instruments 2⅞ to $70⅞, actively-traded Xerox 1 to $45⅞, and Merck 1⅞ to $53⅞.

However, Gold Mining shares advanced strongly against the trend on the jump in the London Bullion price.

Dome Mines moved ahead 4⅛ to $68½, Campbell Redlake 2⅞ to $37¼, and Homestake Mining 1⅞ to $38⅛.

THE AMERICAN SE Market Value Index weakened 1.20 to 126.69 in slow trading. Volume 2.08m. shares (4.35m.).

TUESDAY'S ACTIVE STOCKS

	Stocks traded	Closing price	Change on day
Southern	176,400	17⅞	—⅛
Columbia Pictures	137,200	16⅞	—1½
Eastman Kodak	143,[illegible]	50	—1¼
Xerox	143,300	45⅞	—1
Exxon	141,400	47⅞	—⅜
Consumers Power	137,600	23⅛	—⅜
Amer. Tel. & Tel.	133,300	60	—⅜
General Motors	129,900	61⅞	—1¼
Pepsico	125,900	27⅞	—⅞
Westinghouse Elect.	115,300	18	—⅛

OTHER MARKETS

Canada also lower

Canadian Stock Markets also displayed widespread losses yesterday following an active business, the Toronto Composite Index retreating 11.8 to 1,047.8. The Golds sector was the only exception to the downtrend, featuring strongly with a rise of 85.8 to 1,369.6 on index. Oils and Gas receded 36.7 to 1,452.6, Metals and Minerals 10.2 to 884.2, and Utilities 1.33 to 164.96.

PARIS — Bourse prices lost ground in light trading, upset by the continuing turbulence on the Foreign Exchange market.

Skis Rossignol fell 65 to Frs. 1,690, CIT-Alcatel 34 to Frs.886, Carrefour 30 to Frs.1,255, and BSN Gervais Danone 7.6 to Frs.370.0.

BRUSSELS—Local shares again failed to establish a decided trend in thin trading.

Petrofina put on 20 to B.Frs.3,730 and Vieille Montagne 50 to B.Frs.1,496, but Sofina receded 70 to B.Frs.2,980 and Societe Generale Banque 65 to B.Frs.2,680.

GERMANY—Market made an *irregular showing after a confused and uncertain day's trading.*

Dresdner Bank lost DM1 in active trading on rumours of possible losses on its foreign exchange, money and precious metal operations, which were later denied by the company.

GHH led Engineerings up to DM2.80 higher, but Motors had Daimler DM2 lower. Kaufhof gained DM2.50 in Stores.

Public Authority Bonds continued in firm vein, rising up to DM0.75, with the Regulating Authorities intervening to sell DM26.1m. nominal of stock (DM29m.).

Mark Foreign Loans also improved.

AMSTERDAM — Mostly easier, reflecting the weaker dollar.

However, Hoogovens put on Fl.0.60 in Dutch Internationals. Elsewhere, Pakhoed shed Fls.1.70 and Van Ommeren Fls.2, but KLM *hardened* Fls.1.30.

State Loans edged higher.

SWITZERLAND — Prices were softer for choice after moderately active trading.

Export-orientated Industrials were depressed by the renewed dollar weakness, Brown Boveri "A" losing 35 to Sw.Frs.1,635 and Ciba-Geigy 20 to Sw.Frs.1,175.

Both Bally Bearer and Registered ceased to trade yesterday, the company having now been taken over by the Buehrle Group.

Domestic and Foreign Bonds firmed in fairly active dealings.

MILAN—Stocks were mixed in thin trading.

Pirelli picked up 40 to L1,900 and Fiat 9 to L1,900, but Mediobanca declined 170 to L30,010.

SPAIN—The new year opened with sellers predominating, and the General Index, newly based on 100 from December 31, 1977, retreated 1.17 to 98.83. Banks and Electricals were under pressure, with Banco Vizcaya falling 9 points to 215 and Hidrola 8.50 to 70.50.

HONG KONG—Stock prices fell sharply on heavy selling by U.K. and local investors. The Hang Seng index dropped 10.28 to 393.74, its lowest level since November, 1976, and the largest *single day's fall since the* 31 points registered in September that year following the death of Mao Tse-Tung.

Dealers largely ascribed the depression to adverse market forecasts in the Press over the long holiday week-end coupled with operator nervousness about the initial potential effects on the market from the abolition of the U.K.'s 25 per cent. investment currency surrender rule, effective from yesterday.

Jardine Matheson weakened 70 cents to $HK11.30, Hong Kong Bank 50 cents to $HK17, and Swire Pacific "A" 30 cents to $HK5.

In first-time dealings the newly *formed* Hutchison Whampoa Ordinary closed at $HK3.60 in moderate volume, compared with an opening indication of $HK4.05, and the Preference ended at 96 cents after earlier falling as low as 93 cents. The company resulted from the merger of Hutchison International and Hong Kong and Whampoa Dock.

TOKYO — Market remained closed yesterday for the New Year holiday.

JOHANNESBURG—Gold shares generally moved ahead in response to higher Bullion advices. Gains ranged to 125 cents in Heavyweights.

Other Metals and Minerals were mixed with a slightly firmer bias, apart from an easier Tin sector. *De Beers rose 8 cents to R5.98.*

Industrials were irregular in sporadic trading.

AUSTRALIA—Markets were mainly firmer, with leading Industrial Mining and Oil stocks attracting general support, but some *profit-taking was evident* near the close to pare gains.

Carlton United Brewery, $A1.96, and David Jones, $A1.04, improved 4 cents apiece, while ANI hardened 3 cents to $A1.55 and ICI Australia 5 cents to $A2.15.

Among Mining issues, Consolidated Goldfields advanced 7 cents to $A2.32, while Hamersley added 5 cents at $A2.40. Australian Oil and Gas put on 3 cents to 27 cents.

$ falls sharply

It would hardly be an exaggeration to report that the U.S. dollar collapsed amid a complete lack of confidence in the Foreign Exchange Market yesterday. Sterling and gold touched their highest *levels for some years in dollar* terms, while the Swiss franc and German D-mark were at all-time highs once again. The pound opened at $1.9200-1.9220, and rose 4.65 cents from Friday to $1.9625-$1.9645 at the close, the best level since March 8, 1976.

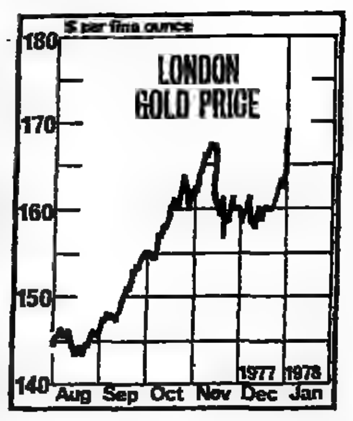
The Swiss franc finished at a record Sw.Frs.1.92 against the dollar, compared with Sw.Frs.1.9887½ on Friday, and the D-mark closed at a best ever DM2.0650, compared with DM2.0975 before the week-end. The dollar continued to fall against major currencies in general in New York after London finished trading, with sterling, the Swiss franc and D-mark all improving against their London close.

Sterling's trade-weighted index against a basket of currencies, as calculated by the Bank of England, rose to 66.1 from 65.2, to finish at the highest level since April, 1976.

The dollar's trade-weighted depreciation, as calculated by Morgan *Guaranty of New York*, widened to 5.97 per cent. from 5.09 per cent. on Friday.

Forward sterling was very firm in anticipation of a probable cut in Bank of England Minimum Lending Rate this week. The three-month premium against the dollar widened to 0.35 cent from 0.27 cent.

Gold rose $4 to $168¾-169¼, higher than at any time since May 28, 1975. This also reflects the weakness of the dollar, and trading was described as only moderate.



CURRENCY RATES

	Special Drawing Rights January 3	European Unit of Account January 3
Sterling	0.629216	0.636625
U.S. dollar	1.22225	1.23349
Canadian	1.33409	1.35871
Austria sch.	18.5216	18.6403
Belgian franc	39.8423	40.3716
Danish krone	7.04016	7.15281
Deutschemark	2.54778	2.57805
Dutch guilder	2.75006	2.78298
French franc	5.68652	5.76880
Italian lira	1059.69	1074.71
Japanese yen	—	294.468
Norway krone	6.32509	6.37576
Spain peseta	98.4681	99.7876
Swedish krona	5.68591	5.74439
Swiss franc	2.39561	2.41508

EXCHANGE CROSS-RATES

Jan. 3	Frankfurt	New York	Paris	Brussels	London	Amst'd'm	Zurich
Frankfurt	—	2.0730-60	44.70-85	6.385-405	4.045-055	92.55-65	16.25-.80
New York	48.50-54	—	21.70-74	3.1975-1035	1.9600-9680	44.75-80	52.25-30
Paris	223.55-4.05	4.6465-6585	—	14.271-305	9.0445-064	206.74-7.34	238.1-238.6
Brussels	15.62-66	32.55-40	6.99-7.01	—	63.21-63.38	14.45-50	16.61-65
London	4.05¼-06¼	1.9625-45	9.04-11	63.40-56	—	4.38¼-40¼	.76¾-76¼
Amst'dam	108.225-275	2.2487-2512	48.31-56	6.899-904	4.3755-3805	—	115.215-265
Zurich	93.52-56	1.940-50	41.76-86	5.980-985	3.7-01-7278	86.47-72	—

U.S. $ in Toronto U.S.$ =109.29-32 Canadian cents.
Canadian $ in New York=91.48-60 cents. U.S. $ in Milan 886.30-886.60
Sterling in Milan 1686.50-1689.00

EURO-CURRENCY INTEREST RATES*

Jan. 3	Sterling	Canadian Dollar	U.S. Dollar	Dutch Guilder	Swiss franc	W.German mark
†Short term	6¾-7	6½-6⅞	6⅝-6⅞	5¼-5⅝	par-¼	1¾-1⅞
7 days notice	7-7¼	5½-6⅛	6⅝-6⅞	5¼-5⅝	par-¼	1⅝-2
Month	6⅝-6⅞	6⅝-7	6¾-7	5½-5¾	[illegible]	2⅛-2⅜
Three months	6⅞-6¾	6¾-7⅛	7-7¼	5⅝-5⅞	[illegible]	2⅛-2⅜
Six months	6⅞-7⅛	7⅛-7⅜	7⅜-7⅝	5⅞-6⅛	1⅛-1½	2⅞-3⅛
One year	7¼-7½	7¼-7⅝	7½-7¾	6⅜-6⅝	1¼-1⅝	3⅛-3⅜

Euro-French deposit rates: two-day 12½-13 per cent.; seven-day 12½-13 per cent.; one-month 12½-12¾ per cent.; three-month 13⅛-13⅜ per cent.; six-month 14⅛-14⅜ per cent.; one year 13⅞-14⅛ per cent.

Long-term Eurodollar deposits: two years 7⅞-7⅞ per cent.; three years 7⅞-8 per cent.; four years 8-8⅛ per cent.; five years 8⅛-8⅜ per cent.

The following nominal rates were quoted for London dollar certificates of deposit: one-month 6.80-6.90 per cent.; three-month 6.95-7.05 per cent.; six-month 7.15-7.25 per cent.; one-year 7.40-7.50 per cent.

*Rates are nominal closing rates.

Short-term rates are call for sterling, U.S. dollars and Canadian dollars: two days' notice for guilders and Swiss francs

GOLD MARKET

	Jan. 3	Dec. 30
Gold Bullion (a fine ounce)		
Close	$168¾-169¼	$164¾-165¼
Opening	$166¾-167½	$165½-166¼
Morning fix'g	$168.60 (£86.895)	$165.80 (£86.836)
Afternoon fix'g	$169.20 (£86.946)	$164.95 (£86.023)
Gold Coin... domestically		
Krugerrand	$175½-177½ (£89¾-90¾)	$171¾-173¾ (£89½-90½)
New Sov'gns	$52¾-54¾ (£27-28)	$51¾-53¾ (£27-28)
Old Sov'gns	$51¾-53¾ (£26½-27½)	$51¾-53¾ (£27-28)
Gold Coins... (internat'lly)		
Krugerrand	$175½-177½ (£89¾-90¾)	$170½-172½ (£88¾-89¾)
N'w Sov'gns	$52½-54½ (£26¾-27¾)	$51¼-53¼ (£26¾-27¾)
Old Sov'gns	$51½-55½ (£26¼-27¼)	$50-52 (£26-27)
$20 Eagles	$253½-256½	$250¼-253¼

FOREIGN EXCHANGES

Jan. 3	Bank Rate %	Market Rates Day's Spread	Close
New York	6	1.9200-1.9650	1.9625-1.9645
Montreal	7½	2.0950-2.1445	2.1415-2.1445
Amsterdam	4½	4.33¼-4.40¼	4.38¼-4.40¼
Brussels	9	62.75-63.55	63.40-63.55
Copenhagen	9	11.07-11.29	11.27-11.29
Frankfurt	3	4.02-4.08	4.05½-4.06½
Lisbon	15	76.00-77.70	77.40-77.70
Madrid	8	155.0-158.20	157.80-158.20
Milan	11½	1,669-1,702¾	1,699¾-1,702¾
Oslo	8	9.81-9.94¼	9.92¼-9.94¼
Paris	9½	8.98-9.11	9.04-9.11
Stockholm	8	8.85-9.08	9.06½-9.08
Tokyo	4¼	465-470	4.65½-4.68½
Vienna	5½	28.80-29.35	29.12-29.27
Zurich	1½	3.76¾-3.84	3.76¾-3.78¾

§Rates given are for convertible franc. Financial franc 63.53-63.73.

OTHER MARKETS

			Note Rate
Argentina	1165.8-1168.1	Argentina	1100-1200
Australia	1.6898-1.7067	Austria	28½-29½
Brazil	31.02-31.22	Belgium	62¼-65¼
Finland	7.79-7.92	Brazil	32-35
Greece	67.019-68.681	Canada	2.12¾-2.14¾
Hong K'ng	8.88¾-8.9¾	Denmark	10.52-11.15
Iran	133-139	France	9.00-9.30
Kuwait	0.539-0.549	Germany	3.97-4.12
Luxemb'g	63.40-63.55	Greece	76-80
Malaysia	4.57-4.60	Italy	1670-1720
N. Zealand	1.8920-1.9108	Japan	460-480
Saudi Arab	6.74-6.84	Netherl'nds	425-440
Singapore	4.49¾-4.52¾	Norway	9.75-9.85
S. Africa	1.6806-1.7065	Portugal	81-91
U.S.		Spain	150-165
Canada		Switz'land	375-380
C$1		U.S.	1.95-1.98
U.S. cents	81.60-81.65	Yugoslavia	37-39

Rate given for Argentina is free rate.

FORWARD RATES

	One month	Three months
New York	0.05-0.15 c. dis	0.30-0.40c. dis
Montreal	0.05-0.15 c. dis	0.27-0.37 c. dis
Amst'dam	¾ c. pm-¼ c. dis	1¼-¼ c. pm
Brussels	15-25 c. dis	55-65 c. dis
Cop'nhgn.	16¾-18¾ ore dis	39¼-41¼ ore dis
Frankfurt	1⅞-⅞ pf. pm	4⅜-3⅜ pf pm
Lisbon	65-145 c. dis	300-600c. dis
Madrid	10-180 c. dis	450-550c. dis
Milan	19-26 lire dis	52-59 lire dis
Oslo	16¼-18¼ ore dis	41¼-43¼ ore dis
Paris	4¼-5¼ c. dis	15¼-16¼ c. dis
Stock'lm	9¼-11¼ ore dis	25¼-27¼ ore dis
Vienna	20-30 gro dis	40-60 gro dis
Zurich	2⅛-1⅛ c. pm	5⅛-4⅛ c. pm

Six-month forward dollar 0.60-0.60c. dis. 12-month 0.70-0.80c. dis.

Indices

NEW YORK—DOW JONES

	Jan. 3	Dec. 30	Dec. 29	Dec. 28	Dec. 27	Dec. 23	1977-78 High	1977-78 Low	Since compilation High	Since compilation Low
Industrial	817.74	831.17	830.58	828.70	829.78	828.87	999.75 (3/1/77)	800.85 (2/11)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me B'nds*	90.79	90.85	90.94	90.86	91.14	91.16	96.47 (7/9)	90.63 (7/3)	—	—
Transport	215.77	217.18	217.81	216.74	216.76	217.16	246.64 (12/5)	199.60 (25/10)	279.88 (7/2/69)	13.23 (8/7/32)
Utilities	110.98	111.28	111.28	110.86	110.59	110.69	118.67 (22/2)	104.97 (25/2)	163.32 (20/4/69)	10.58 (28/4/42)
Trading vol 000's †	17,720	23,580	25,910	19,630	18,750	20,060	—	—	—	—

* Basis of index changed from August 24

	Dec. 30	Dec. 23	Dec. 16	Year ago (approx.)
Ind. div. yield %	5.53	5.54	5.64	4.08

STANDARD AND POORS

	Jan. 3	Dec. 30	Dec. 29	Dec. 28	Dec. 27	Dec. 23	1977-78 High	1977-78 Low	Since Compilat'n High	Since Compilat'n Low
‡Industrials	103.22	104.71	104.55	104.51	104.27	104.28	118.92 (3/1/77)	99.88 (2/11)	134.64 (11/1/73)	3.52 (30/6/32)
‡Composite	93.82	95.10	94.94	94.75	94.69	94.69	107.00 (3/1/77)	90.71 (2/11)	125.85 (11/1/73)	4.40 (1/6/32)

	Dec. 28	Dec. 21	Dec. 14	Year ago (approx.)
Ind. div. yield %	4.90	4.99	4.89	3.71
Ind. P/E Ratio	9.13	8.97	9.06	11.36
Long Govt. Bond yield	8.02	7.96	7.88	5.40

N.Y.S.E. ALL COMMON

Dec. 27	Jan. 3	Dec. 29	Dec. 28	1977-78 High	1977-78 Low
52.29	51.82	52.48	52.61	57.07 (4/1)	49.78 (2/11)

Rises and Falls

	Jan. 3	Dec. 30	Dec. 29
Issues traded	1,868	1,896	1,906
Rises	410	792	778
Falls	1,061	648	622
Unchanged	397	456	506
New Highs	19	43	51
New Lows	18	23	26

		Jan. 3	Dec. 30	Dec. 29	Dec. 28	1977 High	1977 Low
MONTREAL	Industrial	174.56	176.65	176.15	175.35	196.47 (17/3)	158.02 (25/10)
	Combined	180.84	182.48	181.88	181.38	187.36 (19/1)	165.60 (25/10)
TORONTO	Composite	1047.8	1059.55	1055.75	1054.5	1067.4 (19/7)	981.0 (26/10)
JOHANNESBURG	Gold	—	(e)	204.7	(u)	214.7 (17/10)	153.4 (24/5)
	Industrials	—	(e)	211.5	(u)	211.5 (29/12)	159.1 (22/4)

	Jan. 3	Previous	1977-78 High	1977-78 Low
Australia (*)	479.43	(e)	479.43 (3/1/78)	418.80 (16/2)
Belgium (‡)	91.57	91.68	98.12 (10/1)	90.71 (30/12)
Denmark (**)	96.53	96.42	107.92 (9/6)	96.54 (28/11)
France (††)	53.1	(e)	58.4 (7/1)	45.5 (10/6)
Germany (‡‡)	794.7	794.0	813.3 (17/11)	712.5 (10/3)
Holland (§§)	80.7	80.9	93.2 (4/5)	76.8 (29/9)
Hong Kong (¶¶)	393.74	(e)	426.17 (11/6)	393.74 (3/1/78)
Italy (‖‖)	55.68	55.82	73.71 (6/1)	54.90 (23/12)
Japan (a)	(e)	(e)	390.93 (29/9)	350.49 (24/11)
Singapore (b)	263.45	(e)	268.02 (29/6)	242.3 (3/6)

	Jan. 3	Previous	1977-78 High	1977-78 Low
Spain (d)	98.83	100.00	100.00 (31/12)	98.25 (3/1/78)
Sweden (e)	325.74	389.37	416.88 (22/3)	325.61 (11/7)
Switzerl'd (f)	300.0	(u)	318.3 (14/10)	280.5 (3/3)

Indices and base dates (all base values 100 except NYSE All Common — 50 Standards and Poors — 10 and Toronto 300-1,000, the last named based on 1975). † Excluding bonds. ‡ 400 Industrials. § 400 Inds., 40 Utilities, 40 Finance and 20 Transport. (¶) Sydney All Ord. (‖) Belgian SE 31/12/63. (**) Copenhagen SE 1/1/73. (††) Paris Bourse 1961. (‡‡) Commerzbank Dec., 1953. (§§) Amsterdam Industrial 1970. (¶¶) Hang Seng Bank 31/7/64. (‖‖) Milan 2/1/73. (a) Tokyo New SE 4/1/68. (b) Straits Times 1966. (c) Closed. (d) Madrid SE 31/12/77. (e) Stockholm Industrial 1/1/58. (f) Swiss Bank Corp. 31/12/58. (u) Unavailable.

NOTES: Overseas prices shown below exclude $ premium. Belgian dividends are after withholding tax.

◆ DM50 denom. unless otherwise stated. ♥ Ptas.500 denom. unless otherwise stated. ♣ Kr.100 denom. unless otherwise stated. ◆ Frs.500 denom. and Bearer shares unless otherwise stated. ¶ Yen 50 denom. unless otherwise stated. § Price at time of suspension. a Florins. b Schillings. c Cents. d Dividend after pending rights and/or scrip issue. e Per share. f Francs. g Gross. div. %. h Assumed dividend after scrip and/or rights issue. k After local taxes. m % tax free. n Francs: including Unilac div. p Nom. q Share split. s Div. and yield exclude special payment. t Indicated div. u Unofficial trading. v Minority holders only. y Merger pending. * Asked. † Bid. § Traded. ‡ Seller. z Assumed. xr Ex rights. xd Ex dividend. xc Ex scrip issue. xa Ex all. Δ Interim since increased.

OVERSEAS SHARE INFORMATION

Investment premium based on $2.00 per £—71⅛% (79½%).

NEW YORK

Stock	Jan. 3	Dec. 30
Abbott Labs	56⅛	56⅛
Corning Glass	51¼	52⅛
CPC Int'n'tional	45¼	46
Crane	26	26⅛
Johns Manville	31⅜	32⅛
Johnson Johnson	75	76¾
Johnson Control	29	30⅛
Joy Manufactur'g	32	32
Revlon	43⅛	44⅛
Reynolds Metals	31⅞	32⅛
Reynolds R. J.	59⅛	59¼
Rich'son Merrell	22⅛	22⅛
Woolworth	18⅛	18⅞
Wyly	0⅞	0⅞
Xerox	45¾	46¾
Zapata	18	18⅛

CANADA

GERMANY ◆

Jan. 3	Price Dm.	+ or —	Div. %	Yld. %
AEG	86.5	—0.3	—	—
Allianz Versich	474	—3.5	31.2	1.9
BMW	226	—0.5	20	4.4
BASF	138.3	—1.0	17	6.1
Bayer	135	+0.2	16	5.9
Bayer. Hypo	277xd	+1	20	3.6
Bayer. Vereinsbk	308	—1	20	3.2
Ciba-Geigy Ned. wrts	160		—	—
Commerzbank	211.9	—10.1	18	4.2
Conti Gummi	67.5	—0.8	—	—

TOKYO ¶

Dec. 28	Prices Yen	+ or —	Div. %	Yld. %
Asahi Glass	320xd		14	2.2
Canon	402xd	+3	12	1.5
Casio	625	+6	40	3.4
Chinon	360	—6	20	2.8
Dai Nippon Print	510	+2	16	1.6
Fuji Photo	480	+7	15	1.6
Hitachi	176	+4	12	3.4
Honda Motors	457	—6	18	1.8

AUSTRALIA

Jan. 3	Aust. $	+ or —
ACMIL (25 cents)	†0.80	+0.01
Acrow Australia	†0.83	
Allied Mfg-Trdg. Indus $1	†2.30	
Ampol Exploration	†1.25	+0.02
Ampol Petroleum	†0.66	+0.02
Assoc. Minerals	†0.88	
Assoc. Pulp Paper $1	†1.00	

OSLO

Jan. 3	Price Kroner	+ or —	Div. %	Yld. %
Bergen Bank	103.50	+0.25	10	9.8
Borregaard	66		4	6.0
Creditbank	116.50	+0.25	11	9.7
Kosmos	332.5	—2.5	20	6.0
Kreditkassen	115.0	+0.5	11	9.6
Norsk Hydrokr.	204.5	+4.5	12	4.7
Storebrand	93.0	+0.5	9	9.7

BRAZIL

JOHANNESBURG

AMSTERDAM

BRUSSELS/LUXEMBOURG

PARIS

COPENHAGEN ♣

SWITZERLAND ◆

STOCKHOLM

MILAN

VIENNA

SPAIN ♥

Securities Rand Discount 37[illegible]

FARMING AND RAW MATERIALS

U.K. farm output 'shrinking'

By Our Commodities Staff

BRITISH farm output has shrunk by 23 per cent. under Labour Government, compared with the 17 per cent. expansion recorded in the last four years of Tory rule in 1970-74, Mr. Peter Walker, Conservative MP for Worcester, told a farmers' meeting last night.

This contraction, he claimed, had brought with it "unemployment, a disastrous effect on our balance of payments, and increasing benefits to our less-efficient overseas competitors."

He told the Pershore branch of the National Farmers' Union the Government was wasting its time re-examining its farm expansion policy document, Food from our own Resources. "Not one single target contained in the White Paper has been achieved," he said. "A plan for expansion has turned out to be a policy for contraction.

"In 1976-77 farm incomes were down by one-sixth and investment down by one-third on what they were when Labour came to power," he claimed. The only sectors expanding, he noted, were imports of Danish bacon and Irish beef—up 50 per cent. last year.

"One wonders how a Minister of Agriculture can stand idle while the policies of his own Government's White Paper are totally destroyed," he said.

Men and Matters Page 12

Rise in sterling forces metal prices lower

BY JOHN EDWARDS, COMMODITIES EDITOR

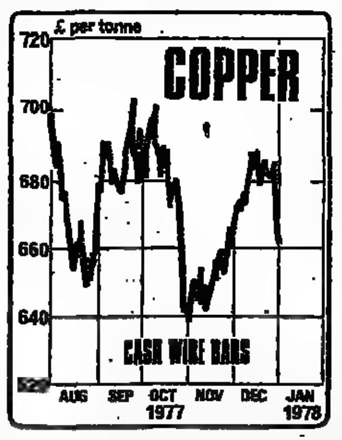
THE RISE in the value of sterling put London metal markets under pressure yesterday to start the new year on a subdued note. Standard grade cash tin fell by £67.5 to £6,225 a tonne, and there were smaller losses in copper, lead and zinc. Silver was buoyed up by the sharp rise in gold. The London bullion spot quotation at the morning fixing was virtually unchanged at 250p an ounce, but the dollar equivalent showed an increase of 11.4 cents to 487 cents an ounce.

Currencies, and particularly the fall in the dollar against sterling, remain by far the most important influence on London Metal Exchange prices at the moment.

It was noted, however, that copper held reasonably steady, despite the downward pressure from sterling and a bigger than expected increase in warehouse stocks. The stocks rise of 3,050 tonnes took total holdings to a record level of 641,175 tonnes.

A firming influence in late trading was buying by the dealer, associated with Japanese interests, whose heavy selling last Friday morning helped bring a sharp dip in copper prices to end the year on a depressed note.

Hopes of a continuing recovery in consumer demand, notably in the U.S., have helped keep New York copper market prices firm, although they are still below the new U.S. domestic producer price of 63 cents a pound. A further influence is



thought to be continuing rumours of moves by the U.S. copper producers to persuade the U.S. Government to clamp down on cheap imports. This, of course, is bullish for New York but bearish for London.

As expected, tin stocks rose again by 360 tonnes to a total of 4,085 tonnes. The Penang market also eased further over the holiday period. But the decline in prices was halted yesterday by some strong buying from chartists when the three months quotation failed to sink below a significant chart point at £6,210 a tonne. The market fell to a low of £6,210 but then moved up.

Meanwhile it was reported from La Paz that Bolivia has sold 4,500 tonnes of tin metal to the Soviet Union for more than $50m. The sale involves almost 25 per cent. of Bolivia's smelting capacity of 20,000 tonnes. Delivery will be made in eight instalments starting in February. Soviet buying interest, and rumours of China also coming in, helped to steady lead values after the recent falls. Lead stocks rose by 1,300 to 66,925 tonnes.

Zinc was quiet and dull. Stocks were only 25 tonnes down at 64,525 tonnes. The fall in the dollar means that the official European producer price of $600 a tonne is now much more competitive with London Metal Exchange supplies, and producers are thought to be much more in control of the market, albeit at the cost of having to carry the bulk of the huge surplus stocks.

But there is concern about moves by U.S. producers to seek limitations on zinc imports.

Rally in cocoa and coffee

By Our Commodities Staff

COCOA AND coffee prices rallied in late trading on the London futures markets yesterday after the continued strength of sterling had pushed them both lower earlier in the day. May delivery cocoa slipped at one stage but recovered to finish the day £6 higher at £1,614 a tonne. Dealers said there was no fundamental news affecting the market and attributed the rally to short-covering against earlier sales. They said trading was very thin throughout the day.

Coffee traders reported a similar pattern on their market. March delivery coffee sank to £1,620 a tonne under the influence of the sterling rise but finished only £1.50 down on balance at £1,736 a tonne.

The market remains basically steady reflecting continuing physical demand in the U.S. but there is still little sign of a pick-up in European manufacturer buying.

News that Nestle and General Foods are reducing the prices of their instant coffees by about 20 per cent. from next week was completely ignored in the market. "The cuts are well overdue and are not enough," one dealer commented.

Sharp rise in Australian wool stocks

SYDNEY, Jan. 3.

AUSTRALIAN WOOL Corporation stocks rose by 180,000 bales during the first half of the 1977-1978 season to reach 1.25m. bales on December 16.

This compares with a fall to 1.16m. bales from 1.33m. in the first half of the 1976-77 season, Corporation officials said in Melbourne.

The Corporation purchased about 388,300 bales in the first half, against only 55,500 in the same 1976-77 period, while sales were about 211,500 bales (225,600).

The market indicator closed the first half at 297 Australian cents a kilo, four cents above the season's opening level and 13 cents above the AWC minimum floor price.

But it was three cents below the level ruling at the end of the 1976-77 season and 10 cents below the peak for the current season on October 28.

The second half of the 1977-78 season begins next week, with sales at Sydney and Melbourne provisionally scheduled for January 10.

Reuter

Mr. Silkin's New Year hangover

BY CHRISTOPHER PARKES

AT A TIME when Britain's Minister of Agriculture might have expected to be relaxing as his farmers luxuriated in the benefits of full EEC membership, Mr. John Silkin is faced with a massive backlog of work. A cumbersome hangover from the years of prevarication, niggling and open warfare which have characterised Britain's supposed "transition" to Common Market membership.

While the Ministry says there was nothing special about midnight on Saturday, it nonetheless represented something of a watershed.

The impact is scarcely detectable to the casual Common Market watcher. A penny in the £ increase in domestic food prices has already been announced by the Ministry of Agriculture, whose smooth-talking spokesmen managed to make the rise sound as though it were some sort of back-handed bonus for the housewife.

That will pass unnoticed in most households. And although those who spend their days up to their necks in Common Market minutiae will be pleased to hear the last of accession and transition compensatory amounts, it is difficult to find much else worth cheering about.

We may have seen the last (at least until the Greeks, Spanish and Portuguese join) of ACAs and TCAs, but we are still firmly stuck with the daddy of them all—the MCA or Monetary Compensatory amount.

And while everyone else in the Community, except the Danes, must carry a share of the responsibility for not getting rid of MCA's according to one or other of the formulae tabled by the Commission, Britain's are still the biggest, and most burdensome in the EEC.

Disorder

Since the U.K. MCA rate was over 30 per cent. for most of 1977, something like £500m. of EEC money must have been spent on subsidising British food in the past 12 months. The point is not the size of the bill, but the clarity with which this illustrates the Common Agricultural Policy's main failing. There is simply not a system of "common" prices, and inter-Community trade in foodstuffs is now carried on almost precisely as it was before the EEC was invented.

The prime difference is that national export subsidies have been renamed and taken over by a central administration in Brussels.

The phasing out of the MCAs and the alignment of the "green pound" has coloured the U.K.'s whole attitude towards the Common Agricultural Policy, and has been interpreted elsewhere in the Nine as the key indicator of Britain's attitude towards the EEC as a whole.

Monetary disorder is unquestionably the CAP's greatest problem. On taking office almost exactly a year ago, Mr. Finn Gundelach, the Agriculture Commissioner, warned that without rapid action to resolve this problem the whole structure of the EEC might be threatened.

But Mr. Silkin has bigger things on his mind. He knows as well as everyone else involved in the business of running the Common Market that while the MCA system is debilitating, it is not a fatal affliction.

The British Minister has already raised the hackles of the French, Dutch and Germans with his intractable posture over the Common Fisheries Policy. Quietening their protests and winning the bulk of available fisheries for the British fleet must surely be his most important job for 1978.

Potato ban

As if the ill-feeling stirred up in this particular sector were not enough, Mr. Silkin rounded off 1977 with another gentle, but irritating, slap in the face for his Continental Colleagues. He decided that because of the condition of the British potato market he would continue to operate the ban on potato imports from all sources beyond January 1. The Minister intends that until there is a Common potato regime he can do as he likes.

And as if to throw a little more acid into the New Year celebration punch, he has decided to kick up a fuss about a minor deal fixed between the French and Irish which could allow Ireland's exporters to sell, levy-free, some 6,000 tonnes of lamb a year in France. The Ministry, standing very much on its communautaire dignity, insists that the Franco-Irish deal is "discriminatory."

Britain's blockade against potatoes, is not, of course, since it excludes everyone.

British exporters usually manage to sell the French 30,000 tonnes of lamb a year. There is no suggestion that Ireland could "steal" Britain's market in France, since its farmers could not scrape together more than 5,000 to 6,000 tonnes of lamb to ship to Paris.

Neither is there any suggestion that Mr. Silkin is keen to establish an EEC regime for sheepmeat. Considering the way he presents himself as a man with a "flexible" attitude towards the bureaucrats and their CAP rules, it is no surprise that his obstructive attitude on the Franco-Irish sheep deal should be viewed in Paris and Dublin as merely perverse.

Workload

To add to Mr. Silkin's workload this spring, the Commission recently sent him its proposals on how the British Milk Marketing Boards might be revamped to suit EEC rules. So generous are the Commission's ideas, however, that the Ministry is palpably fearful of what might happen when the other eight agriculture ministers sit down to discuss the plans.

Mr. Silkin has also still to win his battle for a change in MCA import subsidies on bacon and processed pork from Denmark and Holland.

To add to this mountain of work, he plans to continue his crusade for a cut-back in farm prices at the spring review, freezing the price of milk and clamping down on cereals farmers' incomes.

And in his own backyard, in spite of all his efforts, he seems fated to see an unprecedented build-up of surplus farm produce. There is so much butter in store in Britain now that a sizeable proportion of this year's home production seems certain to be taken straight from the churn to the intervention "mountain." Grain, too, will soon be going into intervention store.

An unhappy prospect for Europe's fiercest opponent of intervention at the opening of what threatens to be a frantically busy and only scantly rewarding New Year.

CHEAPER NICKEL

A cut in the sterling prices of nickel, effective January 1, was announced by Entores, U.K. agents for the French-based Le Nickel group. Nickel rondelles are cut to £2,641.50 a tonne against £2,732.50 last month. There were similar reductions on ferro nickel products. The prices are based on an exchange rate of $1.8795 to the pound.

Freight rise boosts NZ lamb costs

By Dai Hayward

WELLINGTON, Jan. 3.

THE COST of shipping a lamb from the farmgate in New Zealand to a cold store in Britain jumped 13.5 per cent. during 1977. This increased cost of $NZ1.89 per lamb means the total shipping and processing costs to get a New Zealand lamb into store in the U.K. is $NZ15.92 (£8.69). This is $NZ1 a kilo or 25p a pound.

Further increases in killing and freezing charges are expected early in 1978.

The biggest proportion of the cost is freight charges from New Zealand ports to Smithfield. Shipping now costs over $11 a carcase or an increase of 15.6 per cent. over 1976. Transport, killing and processing charges in New Zealand puts another $4.89 on the total bill.

A 4 per cent. rise in the EEC common customs tariff for lamb sent to Britain last July also contributed to the rise.

● New Zealand lamb exporters hope to double sales to Iran this year.

Talks on sugar contract row

BY OUR OWN CORRESPONDENT

KUALA LUMPUR, Jan. 3.

MALAYSIAN AND Australian officials to-day met in Kuala Lumpur to resume negotiations on the dispute over their long term sugar contract.

The differences are reported to be still very wide, and the former Malaysian trade minister, Datuk Hamzah, had publicly warned that Malaysia was prepared to break the accord.

Datuk Hamzah and other Malaysian ministers have also said Malaysia would seek to diversify its sugar imports away from Australia to such countries as Thailand, the Philippines, Fiji and Cuba. At present, Australia supplies 70 per cent. of Malaysia's sugar imports under a contract signed in 1974. This covers the supply of 1.65m. tons of sugar over six years.

Malaysian sugar refiners, who have refused to take any Australian sugar since last July, are required to pay $A322 a tonne under the contract, but the Malaysian Government wants this to be reduced to $A270, which is what Malaysia is paying for Fijian sugar.

However, the Queensland Sugar Board, which is responsible for Australia's sugar exports, is only prepared to accept a reduction in price similar to its deal with the Japanese.

The four-man Australian team is led by Mr. W. F. Oliver, the chief manager of export marketing of the sugar division of the Colonial Sugar Refinery, while the Malaysian side is led by Mr. Sabaruddin Chik, head of the international trade division of the Trade Ministry.

Sugar pact in force

BY OUR COMMODITIES EDITOR

THE NEW International Sugar Agreement, negotiated last year, came into force provisionally on January 1, after receiving the support required from 32 countries—24 exporting members and eight importers. Another 14 countries have also signed the Agreement but not yet deposited the appropriate documentation with the UN.

A notable absentee from membership is the EEC, although it is understood talks are continuing with a view to the Community possibly joining the Agreement later this year.

First meeting of the new International Sugar Council will be held on January 16. There was little or no reaction on the world sugar market to the provisional Agreement, since refiners are reported to be well stocked with cheap-price supplies bought before January 1.

COMMODITY MARKET REPORTS AND PRICES

BASE METALS

COPPER—Down again in active trading on the London Metal Exchange and mainly reflecting the further weakness of the dollar against sterling. After opening on the pre-market at £680 forward metal came off to £676 on currency considerations. This trend continued in the afternoon with the price falling to £673 before it rallied to £677.5 on the late kerb following buying thought to have been on Japanese account. Turnover, 39,525 tonnes.

[illegible]

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
Wirebars				
Cash	663.5-4	[illegible]	661-.5	[illegible]
3 months	677.5-8	[illegible]	675.5-6	[illegible]
Settlem't	664	[illegible]		
Cathodes				
Cash	652.5-3	+.25	650-1	-2
3 months	666.5-7	-.5	664-5	-2.75
Settl'm't	653			
U.S. Smt.			60-62.5	

TIN—Lower following the fall in the Penang price and owing to the strength of sterling. Forward standard metal opened at £6,250 on the pre-market and quickly fell to the day's low of £6,210 before hedge buying in the rings enabled the price to recover to £6,250. In the afternoon it dipped to £6,220 but then rallied strongly following chartist buying which took the closing price up to £6,270 on the late kerb. Turnover, 2,885 tonnes.

[illegible]

LEAD—[illegible]

ZINC—[illegible]

SILVER

Silver was fixed [illegible] an ounce higher for spot delivery in the London bullion market yesterday, at 250p. [illegible]

[illegible]

COCOA

Renewed consumer demand after the holiday helped prices steady despite the strength of sterling, reports Gill and Duffus.

[illegible]

COFFEE

On a very quiet day, coffee values covered little ground once more despite further fluctuations on the currency markets, reports Drexel Burnham Lambert. [illegible]

[illegible]

GRAINS

[illegible]

SOYABEAN MEAL

[illegible]

RUBBER

ABOUT UNCHANGED opening on the London physical market. Little interest throughout the day, closing easier. Lewis and Peat reported the Malaysian godown price [illegible]

[illegible]

SUGAR

LONDON DAILY PRICE (raw sugar) [illegible]

[illegible]

WOOL FUTURES

[illegible]

MEAT/VEGETABLES

[illegible]

MEAT COMMISSION—Average fatstock prices at representative markets week ending December 31. G.B.—Cattle, [illegible] per kg lw [illegible]; U.K.—Sheep, [illegible] per kg est dcw [illegible]; G.B.—Pigs, [illegible] [illegible]

[illegible] Celery—Spanish: 24's 3.20.

English produce: Potatoes—Per 56 lbs Whites/Reds 1.10-1.50. Lettuce—Per 12, indoor 1.20-1.50. Cabbage—Per [illegible]-bag Primo 0.60-0.70. Cauliflowers—Per 12, Kent 1.40. Beetroots—Per 28 lbs 0.70. Carrots—Per bag 28 lbs 0.60-0.70. Onions—Per 56 lbs 1.00-1.40. Celery—Pre-pack 18/22's 3.20, naked 10's 0.80-1.00, 16's 1.70. Swedes—Per bag, Devon 0.40. Apples—Per pound, Laxton 0.11-0.12, Derby 0.10-0.12, Russets 0.11-0.14, Cox's 0.16-0.24, Bramleys 0.13-0.17. Pears—Per pound, Conference 0.16-0.20, Comice 0.18. Sprouts—Per pound 0.07-0.08. Parsnips—Per 28 lbs 1.40.

COMPANY NOTICES

GOLD FIELDS GROUP

DECLARATION OF DIVIDENDS—UNITED KINGDOM CURRENCY EQUIVALENTS

In accordance with the Standard Conditions relating to the payment of the dividends declared by each of the undermentioned companies on 13 December 1977 payments from the office of the United Kingdom Registrar will be made in United Kingdom currency at the rate of R1.668555 South African currency to £1 United Kingdom currency, this being the first available rate of exchange for remittances between the Republic of South Africa and the United Kingdom on 3 January 1978 as advised by the companies' South African bankers.

The United Kingdom currency equivalents of the dividends are therefore as follows:—

Name of Company (Each incorporated in the Republic of South Africa)	Dividend No.	Amount per share
Interim Dividends		
Doornfontein Gold Mining Company Limited	42	11.98642p
Kloof Gold Mining Company Limited	16	8.98981p
Libanon Gold Mining Company Limited	54	23.97284p
Venterspost Gold Mining Company Limited	75	2.99660p
West Driefontein Gold Mining Company Limited	[illegible]	89.90833p
Final Dividends		
East Driefontein Gold Mining Company Limited	9	25.77080p
Vlakfontein Gold Mining Company Limited	69	[illegible]

By order of the boards.
C. E. WENNER,
London Secretary.

London Office:
49 Moorgate,
London EC2R 6BQ.

United Kingdom Registrars:
Close Registrars Limited,
803 High Road,
Leyton,
London E10 7AA.

3 January 1978.

Indian harvest near record

WASHINGTON, Jan. 3.

INDIA'S TOTAL foodgrain harvest in 1977-78 is expected to be between 118m. and 121m. tonnes, compared with 1976-77's 111.6m. tonne harvest. A 121m. tonne total would equal the record crop produced in 1975-76.

A report in the U.S. Department of Agriculture's weekly publication, Foreign Agriculture, puts total 1977-78 rice production at about 49.5m. tonnes (milled basis), 15 per cent. up on the previous year. The Kharif (autumn-winter) grain harvest is expected to equal 1976-77's 23.1m. tonnes.

Reuter

PRICE CHANGES

Prices per tonne unless otherwise stated.

	Jan. 3 1978	+ or —	Month ago
[illegible]	[illegible]	[illegible]	[illegible]

FINANCIAL TIMES

Jan. 3	Dec. 30	Month ago	Year ago
253.47	254.20	241.33	250.26

(Base: July 1 1952=100)

REUTER'S

Jan. 3	Dec. 30	Month ago	Year ago
1421.9	1421.3	1496.1	1584.5

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Jan. 3	Dec. 30	Month ago	Year ago
Spot	346.76	342.20	349.22	[illegible]
Futures	336.54	332.17	325.00	369.65

(Average 1924-25-26=100)

MOODY'S

Moody's	Jan. 3	Dec. 30	Month ago	Year ago
Staple Commodity	874.3	888.9	[illegible]49.7	[illegible]14.5

(December 31 1931=100)

COTTON

COTTON—Liverpool. No spot or shipment sales were recorded on the first trading day of the New Year, reports F. W. Tattersalls. Minor interest was shown in some American-type varieties.

★

LONDON TEA AUCTION—Quality 153p a kilo (162p); medium 134p (same); plain 89p (88p).

U.S. Markets

Coffee and gold ahead: grains weak

NEW YORK, Jan. 3.

PRECIOUS METALS and copper rallied sharply on mixed buying as the U.S. dollar plunged in Europe. Coffee closed firm to limit-up on low roaster stocks and nearby tightness of supply. Soyabeans eased on local and technical selling with some commercial sales. Sugar opened firm on U.S. dollar weakness but eased to close mixed on scattered selling. Cocoa was strong but wheat and maize were considerably weaker in Chicago.

Cocoa—March 143.55 (142.33), May 133.30 (132.30), July 130.30, Sept. 127.30, Dec. 124.30, March 122.10, May 120.60 settlements. Sales: 1,370.

Coffee—"C" Contract March 193.00-195.50 (182.00), May 179.75 (174.45), July 170.43 bid, Sept. 166.50 bid, Dec. 152.00 bid, March 149.00-150.00, May 139.00-145.00. Sales: 436 lots.

Copper—Jan. 60.30 (59.60), Feb. 60.90 (59.90), March 61.30, May 62.30, July 63.30, Sept. 64.20, Dec. 65.30, Jan. 66.00, March 66.90, May 67.80, July 68.70, Sept. 69.60 settlements. Sales: 3,450 lots.

Cotton—No. 2: March 54.20-54.28 (53.60), May 55.15-55.24 (54.41), July 56.20-56.23, Oct. 56.90-57.00, Dec. 57.75-57.90, March 58.20, May 58.50-59.00. Sales: 255,000 bales.

*Gold—Jan. 171.60 (166.30), Feb. 173.00 (167.50), March 174.10, April 175.30, June 177.60, Aug. 179.90, Oct. 182.20, Dec. 184.60, Feb. 187.10, April 189.60, June 192.20, Aug. 194.80, Oct. 197.40 settlements. Sales: 9,700 lots.

†Lard—Chicago loose 19.00 (same). New York prime steam 20.50 traded (same).

[illegible]

STOCK EXCHANGE REPORT

Gilts end below best but with numerous gains to £$\frac{7}{8}$

Share index up 0.2 at 485.6 after 482.0—$ premium drops

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Dec. 12	Dec. 29	Dec. 30	Jan. 11
Jan. 3	Jan. 12	Jan. 13	Jan. 24
Jan. 16	Jan. 26	Jan. 27	Feb. 7

* "New time" dealings may take place from 9.30 a.m. two business days earlier.

Movements in the currency and related markets dominated sentiment in Stock Markets yesterday. British Funds went better from the start on the pound's strength and on hopes about an early cut in Minimum Lending Rate, while hedge buying against the dollar's continued slide took the price of gold bullion to $169¼ an ounce, a rise of $4.

The Gold Mines share index put on 1.3 to 134.5 in cum dividend form (it was 0.5 easier at 132.7 ex the dividends) and would have shown to better advantage had it not been for the drop of 7¾ points *to 71⅞ per cent. in the investment* currency premium calculated at the fixed ($2.60) rate of exchange on the first day of dealings which marks the end of the 25 per cent. surrender rule; yesterday's effec*tive premium was down 2¾ at* $29⅞ per cent.

The Funds closed below the best but with numerous gains to ⅞ in long-dated maturities and the Government Securities index, up *0.49 at 78.58, edged nearer its* 65-month peak of 79.85 recorded at the end of last September.

Leading equities started the New Year as they ended the old —under the shadow of the effects *of rising sterling on overseas* earnings of the major U.K. exoprters. The FT 30-share index was 3.4 down at 11 a.m., but steadily rallied in the absence of sellers to end with a net rise of 0.2 at 485.6.

As the closing index suggested, price changes at the end were narrowly mixed, but Beecham shed 6 to 672p, after 669p, while BP lost 16 at the day's lowest of 842p. Small irregular price changes also characterised the rest of the equity market which, however, displayed many weak spots on dollar premium influences and also a fair number of firm features in second-line issues.

British Funds began the New Year on a mixture of interest rate hopes and optimism about sterling's continued strength in foreign exchange markets. These twin factors engendered sizeable buying of both short and longer maturities although it was the latter, unrestricted by the presence of a tap stock, which *registered the larger gains.* Extending to a point and more at one stage, the rises were finally clipped to just under a point, while improvements at the shorter end of the market were limited because of the attractiveness of the tap Exchequer 8½ per cent. 1981. To satisfy the demand for this particular issue, the Government Broker twice raised his selling price, withdrawing finally at 97¾: any further support could easily bring the stock's exhaustion either to-day or to-morrow. Reflecting a specialist demand, *selected low-coupon shorts made* sharp headway in difficult market conditions.

Sterling's strength was a contributory factor to fresh weakness in the investment currency *premium. Persistent selling which* included institutional offerings against transactions in Far Eastern securities together with the reversal of recent surrender business was only spasmodically *countered and the premium fell* 7¾ points further to 71⅞ per cent. for a loss of over 20 points in the last four trading days. Yesterday's SE conversion factor was 0.7699 (0.7563).

Foreign Banks down

Foreign Banks were dull again on investment premium influences. Hong Kong and Shanghai shed 13 more to 246p, while falls of 4½ and 5¼ points respectively were recorded in Deutsche, £95¼, and Algemene, £98¾. Bank of New South Wales gave up 15 to 425p and ANZ dipped 6 to 250p. Home Banks, however, closed steady to *firm with NatWest 3 better at* 295p following Press comment.

Hire Purchases gave ground with Wagon Finance 2 off at 90p and Moorgate Mercantile the same amount lower at 12p. Narrowly *mixed price movements were the* order of the day in Insurances. Willis Faber were marked up 2 to 292p following a 1978 investment recommendation, but Prudential softened a penny to 156p despite *disclosing record new sums* assured on worldwide life business in 1976.

Buildings began the new Account on a quietly firm note. Investment recommendations for 1978 helped *Barratt Developments* put on 5 to 121p, after 123p, and left both AP Cement and London Brick 2 dearer at 262p and 74p respectively. RMC added 4 to 136p as did William Leech, to 80p, while Orme Developments rose 3 to 56½p. Marchwiel also hardened 3, to 370p, but SGB softened a penny to 152p; the latter's preliminary results are due next Tuesday.

Still affected by the Board's gloomy remarks about fourth-quarter trade and the adverse effects a rising pound is having on overseas earnings, ICI con*tinued easier and touched 348p* before closing only a penny down on balance at 351p. Elsewhere, in Chemicals, Rentokil gave up 6 to 56p following profit-taking after the recent speculative spurt.

Ratners wanted

Leading Stores passed a quiet session but closed firmly. Debenhams rose 3 to 108p and a hams rose 3 to 108p on a 1978 investment recommendation, while British Home were a like amount dearer at 220p. More interest was shown in secondary issues with Ratners (Jewellers) particularly popular, rising 8 to 93p on buying ahead of to-morrow's interim figures. Forminster put on 6 to 124p xd and *Allied Retailers rose 3 to 136p.* Shoes were featured by a jump of 5½ to 22p in Allebone on Press comment.

The Engineering majors picked up after a dull start and final *losses were limited to a penny.* Tubes, however, ended 4 to the good at 384p, after 374p. Elsewhere, Manganese Bronze stood out with a gain of 11 at 91p in response to Press mention. For a similar reason, James Neill hardened 3 to 94p, while Leon Berner advanced 4 to 22p on the alternative share exchange offer from D. H. Bevan. Buyers showed interest in Young Austen and Young, 4 to the good at 59p, and Johnson and Firth Brown, 2 dearer at 62p.

Continued demand in a re*stricted market left Joseph Stocks* 5 higher at 160p. Elsewhere, Robertson Foods revived at 135p, up 4, while Press mention prompted a gain of 2 to 14p in Barker and Dobson. Pontin's were favoured at 37p, up 3, along with Queens Moat which firmed 1½ to 28p.

Coral Leisure up

*Last Friday's ICI statement con*tinued to cloud sentiment in miscellaneous industrial leaders and prices drifted lower from the start. Despite a late improvement, Beecham closed with a loss of 6 at 672p, after 669p, and Glaxo declined 3 to 590p, after 588p. Unilever were 4 off at 544p with the N/V 1½ down at £22, the latter on investment premium influences. Similarly affected by the weak premium, Jardine Matheson shed 15 to 162p and Swire Pacific lost 6 to 73p, while Wheelock Marden gave up 2½ at 31p. Elsewhere, Press recommendations for 1978 prompted several firm features. "Suits" moved up 3 to 95p and Coral Leisure rose 10 to 144p ex the scrip issue. Associated Leisure improved 3½ to 61½p and S. Lehoff ended 4 to the good at 54p. Talbex gained 3 to 17p and Pentland hardened 2 to 20p.

The Motor sections recorded mixed movements. Dowty were *noteworthy among Components* at 157p, up 5, in response to Press mention, but Blumel came on offer at 56pxd, down 4. In Garages and Distributors, fading bid hopes prompted fresh selling of Henlys, which gave up 4 to 119p. On the other hand, buying interest was seen in Lyon and Lyon, 3 to the good at 81p, and BSG International, 1½ dearer at 41½p.

A firm market of late on news of the major investment programme planned for this year, Jefferson Smurfit were good again at 200p, up 6.

Sterling considerations regarding the group's overseas earnings and interests weighed on British Petroleum which, although only lightly traded, gave up 16 to 842p. Remaining Oils were not subjected *to the same influences and Shell* shed only 3 to 525p, but in recognition of the weaker investment currency premium Royal Dutch fell 1½ to £37⅛. Of the more speculative issues, Oil Exploration lost 4 to 300p, *LASMO Ops.* relinquished 5 and Tricentrol cheapened 2 to 174p.

Properties maintained a steady undertone, although features were usually confined to secondary issues. Evans of Leeds put on 5 to a 1977/78 peak of 193p following the company's statement about the increased income it is deriving from its Walton Works, *Liverpool,* property, while Regional A responded to a New Year investment recommendation with a rise of 5½ to 74½p. Daejan picked up 2 to 62p and Carding were 1½ better at 13½p, but attempted selling in a restricted market lowered Glanfield Securities 9 to 270p. Leading issues recouping small early losses to close unchanged on balance included Land Securities, at 219p, and MEPC, at 126p, but selected overseas stocks moved lower on investment dollar influences, Hong Kong Land falling 6 to 92p and Lend Lease 5 to 193p.

Among Overseas Traders, S. Hoffnung continued to reflect the fall in half-year profits and gave up 2 more to 68p, but Lonrho responded to favourable Press comment with a rise of 3 to 74p.

Harcros featured Investment Trusts with a jump of 12 to 82p following the agreed bid terms from Harrisons and Crosfield. London Australia Investment moved up 3 to 107p in response to the $1.30 cash offer from Hooker Corporation. Investment premium influences brought about a reaction of 5 to 115p in International Pacific Securities and a fall of 6 to 106p in Argo, while Jardine Securities shed 3 to 77p. Among Financials, Britannia Arrow moved forward 1½ to 23½p, after 24p, on Press suggestions that 1978 will be a prosperous year for the group. Dalgety firmed 7 to 233p for a similar reason.

Selective support was forthcoming for Textiles where Textured Jersey featured with a rise of 9½ to 27½p in response to favourable Press mention. Courtaulds, 115p, and Coats Patons, 75p, both hardened 2, while Jerome were similarly dearer at 48p and Levex put on 1½ to 14½p. Among Carpets, Youghal firmed 3 to 57p.

London Sumatra stood out in Plantations, rising 9 to 78p on speculative buying fuelled by bid hopes. Among Teas, demand in a thin market left Lunuva 6 up at 138p.

Two-way pull in Golds

The fresh weakness of the dollar and the ensuing hedge buying of bullion, which pushed the metal price up $4 to $169.125 per ounce, its highes closing level since May 28, 1975, prompted substantial gains in Golds in dollar terms.

In sterling terms, however, the further sharp fall in the investment currency premium had a restraining effect on prices and with many stocks going "ex" the December dividend payments prices were a shade easier overall as shown by the 0.5 decline in the Gold Mines index to 132.7.

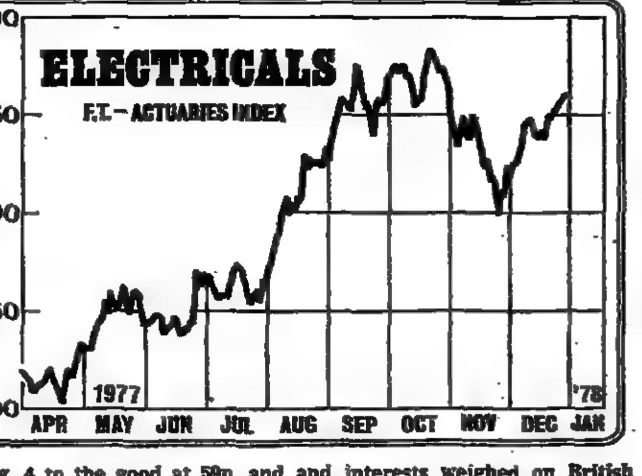
There was a good Cape, Continental and local demand for Golds in the morning but business petered out in the afternoon and prices tended to ease back a few pence.

Heavyweights to improve included *Western Holdings,* which put on ⅜ at £13⅞, and Free State Geduld, which rose a half-point to £12; the latter in front of the annual report and chairman's statement.

In contrast Randfontein slipped ⅜ to £30½. President Brand advanced 16 to 795p but Western Deep gave up a similar amount to 619p ex-dividend.

Among London-based Financials Gold Fields attracted strong support, reflecting the higher bullion price, rising 9 to 175p. Rio Tinto-Zinc also gained ground as persistent buying left the shares 4 higher at 189p.

Premium considerations caused heavy losses in both Tins and Australians, although there was some modest London support for the latter following the good performance in overnight domestic markets.



FINANCIAL TIMES STOCK INDICES

—	Jan. 3	Dec. 30	Dec. 29	Dec. 28	Dec. 23	Dec. 22	A year ago
Government Secs.	78.58	78.09	77.93	77.86	77.52	77.43	60.45
Fixed Interest	81.03	80.72	80.60	80.54	80.25	80.23	60.49
Industrial Ordinary	485.6	485.4	490.6	490.4	483.7	481.6	360.6
Gold Mines	‡132.7	133.2	139.6	136.7	131.6	132.4	120.1
Ord. Div. Yield	5.52	5.51	5.45	5.46	5.52	5.54	6.17
Earnings Y'ld%(full)(*)	16.78	16.74	16.57	16.55	16.79	16.85	19.58
P/E Ratio (net) (*†)	8.45	8.47	8.56	8.56	8.44	8.42	7.58
Dealings marked	4,178	4,618	3,563	2,489	3,219	5,729	4,145
Equity turnover £m.	—	52.56	65.95	46.31	31.51	51.44	62.15
Equity bargains total	—	11,949	12,146	7,446	6,274	9,554	10,866

10 a.m. 482.6. 11 a.m. 482.6. Noon 483.1. 1 p.m. 483.7. 2 p.m. 483.9. 3 p.m. 484.1.

Latest Index [illegible]

* Based on 52 per cent. corporation tax. † Nil=8.39.
Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ind Ord 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942. ‡ Corrected. § Cum-div. 134.5.

HIGHS AND LOWS

—	1977/78 High	1977/78 Low	Since Compilation High	Since Compilation Low
Govt. Secs.	79.85 (30/9)	60.45 (4/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	81.03 (3/1/78)	60.49 (4/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	549.2 (14/9)	357.6 (12/1)	549.2 (14/9/77)	49.4 (26/6/40)
Gold Mines	174.5 (18/10)	95.1 (1/2)	442.3 (22/5/75)	43.5 (26/10/71)

S.E. ACTIVITY

	Jan. 3	Dec. 30
—Daily		
Gilt-Edged	149.9	155.5
Industries	146.6	164.4
Speculative	35.0	42.9
Totals	95.1	109.7
5-day Av'rage		
Gilt-Edged	125.6	118.5
Industrials	119.0	114.7
Speculative	29.5	28.8
Totals	78.6	76.6

1977 LEADERS AND LAGGARDS

The table shows the percentage changes which took place over 1977 in the principal equity sections of the FT-Actuaries Share Indices. It also contains the Gold Mines index. Changes are based on end-1976 to the closing price levels of last Friday, December 30.

Contracting and Construction	+106.81	Financial Group	+48.52
Hire Purchase	+106.29	Insurance (Life)	+46.27
Machine Tools	+93.32	Discount Houses	+45.58
Electronics, Radio and TV	+80.91	Merchant Banks	+44.36
Engineering (Heavy)	+80.12	Packaging and Paper	+44.19
Property	+76.49	Textiles	+42.22
Stores	+75.60	500 Share Index	+41.46
Building Materials	+74.95	All-Share Index	+40.17
Electricals	+72.58	Insurance Brokers	+37.32
Newspapers and Publishing	+72.51	Other Groups	+36.42
Office Equipment	+69.46	Food Manufacturing	+35.34
Food Retailing	+67.61	Toys and Games	+35.06
Consumer Goods (Durable) Group	+67.59	Banks	+34.41
Wines and Spirits	+61.19	Investment Trusts	+32.46
Capital Goods Group	+58.51	Overseas Traders	+32.18
Breweries	+54.89	Engineering (General)	+31.14
Motors and Distributors	+53.01	Chemicals	+28.26
Household Goods	+52.31	Shipping	+22.92
Insurance (Composite)	+51.84	Gold Mines F.T.	+21.18
Entertainment and Catering	+50.35	Tobaccos	+20.99
Cons. Goods (Non-durable) Group	+50.32	Oils	+18.40
Industrial Group	+48.96	Mining Finance	+4.92

OPTIONS TRADED

DEALING DATES

First Dealings	Last Dealings	Last Declaration	For Settlement
Nov. 22	Dec. 5	Feb. 23	Mar. 7
Dec. 6	Dec. 19	Mar. 9	Mar. 21
Dec. 20	Jan. 10	Mar. 30	Apr. 11

For rate indications see end of Share Information Service

Stocks to attract money for the call included Sellncourt, Thomson Organisation, S. and W. Berisford, Burton A, EMI, Burmah Oil, Spillers, Vinten, Town and City, Woolworth, Barratt Developments, Courtaulds, Marchwiel, J. Lyons, Talbex, UDT, Charterhall, Pontin's, Trident TV A, U.K. Property, Westland, Stafiex International, Wm. Press, Furness Withy, Debenhams, Boots and Lonrho. Puts were arranged in Associated Dairies, New Throgmorton Capital, Hestair and EMI, while double options were transacted in Sellncourt, Bridon, Thomson Organisation and English Property. A short-dated call and double option was arranged in Fodens.

NEW HIGHS AND LOWS FOR 1977

The following securities quoted in the Share Information Service yesterday attained new Highs and Lows for 1977/78.

NEW HIGHS (105)

BRITISH FUNDS (11)
CORPORATION LOANS (2)
COMMONW'LTH. & AFRICAN LOANS (1)
LOANS (1)
CANADIANS (1)
BANKS (1)
BEERS (2)
BUILDINGS (10)
CHEMICALS (1)
CINEMAS (1)
DRAPERY & STORES (8)
ELECTRICALS (2)
ENGINEERING (3)
FOODS (6)
HOTELS (4)
INDUSTRIALS (21)
MOTORS (4)
PAPER & PRINTING (2)
PROPERTY (2)
SHOES (1)
TEXTILES (6)
TRUSTS (5)
OIL (2)
RUBBERS (3)
TEAS (1)

NEW LOWS (79)

AMERICANS (40)
Amax; American Express; Asarco Inc.; Bendix Corp.; CBS; C.P.C.; Chase Manhattan; Chrysler; Citicorp; City Inv.; City Inv. Cum. Prf.; Colgate-Palmolive; Cont. Illinois; Cont. Oil; Crown Zellerbach; Esmark; Exxon; Firestone Tire; First Chicago; GATX; Gen. Elect.; Gillette; Honeywell; I.B.M. Corp.; Ingersoll-Rand; I.U. Intl.; Kaiser Aluminium; Manf. Hanover; Morgan (J. P.); Norton Simon Inc.; Richardson-Merrell; TRW Inc.; Tenneco; Texaco Petroleum; Texaco; Transamerica; United Technology; Woolworth; Xerox Corp.; Zenith Inc.

CANADIANS (3)
Bell Canada; Hollinger; Massey-Ferguson

BANKS (3)
BankAmerica; Bankers N.Y.; HK & Shanghai

CHEMICALS (1)
Hoechst

ELECTRICALS (1)
Sony

FOODS (1)
Kraft

HOTELS (1)
Borel (J.)

INDUSTRIALS (5)
Jardine Matheson; Sangers Grp.; Stelux Manufacturing; Swire Pacific; Wheelock Marden

INSURANCE (1)
Travelers Corp.

MOTORS (1)
Gen. Motors

PROPERTY (2)
HK Land; Swire Properties

SOUTH AFRICANS (1)
Abercom

TEXTILES (1)
Snia Viscosa

TRUSTS (6)
Jardine Secs.; Robeco; Rolinco; Rolinco Sub. Shs.; Selected Risk Inv.; US Trust Fund

OIL (1)
Royal Dutch

OVERSEAS TRADERS (3)
Hoffnung; Sime Darby; U City Merc. 10pc Ln.

MINES (8)
Anglo-Vaal; Jo'burg Cons.; Rand Cons.; BH South; Western Mining; Ayer Hitam; South Crofty; Messina

RISES AND FALLS YESTERDAY

	Up	Down	Same
British Funds	66	9	30
Corpns. Dom. and Foreign Bonds	25	4	39
Industrials	344	397	903
Financial and Prop.	84	158	282
Oils	2	15	13
Plantation	9	8	17
Mines	42	41	60
Recent Issues	11	5	43
Totals	575	576	1,307

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on week	1977-78 high	1977-78 low
GEC	25p	10	274	+2	284	163
Talbex Group	5p	8	17	+3	17	3
Textured Jersey	10p	8	27½	+9½	27½	11
Britannia Arrow	25p	7	23½	+1½	24	6
BP	£1	7	842	−16	966	776
Distillers	50p	7	177xd	−½	193	120
ICI	£1	7	351	−1	446	328
Madame Tussaud's	5p	7	58½	+½	59½	17
Midland Bank	£1	7	385	—	392	245
Assoc. Leisure	5p	6	61½	+3½	61½	26½
BATs Defd.	25p	6	240	—	260	202
Beecham	25p	6	672	−6	693	372
Dunlop	50p	6	89	—	124	78
EMI	50p	6	183	+1	254	170
Grand Met.	50p	6	103	−1	108	62

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1977 High	1977 Low	Stock	Closing Price p	+ or −	Div.	Times Covered	Gross Yield	P/E Ratio
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	ERGO (S.W.)	445	+8	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Farmer (S.W.)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Beeton (A)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	L.M.I. 10p pd	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1977 High	1977 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

"RIGHTS" OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1977 High	1977 Low	Stock	Closing Price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Renunciation date usually last day for dealing free of stamp duty. [illegible]

FT—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS — GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Groups & Sub-sections	Tues., Jan. 3, 1978 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 34%)	Est. P/E Ratio (Net)	Fri. Dec. 30 Index No.	Thurs. Dec. 29 Index No.	Wed. Dec. 28 Index No.	Fri. Dec. 23 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS(170)	209.32	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	Building Materials(27)	192.93	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Contracting, Construction(26)	342.24	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Electricals(15)	458.80	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Engineering Contracts(13)	297.57	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Mechanical Engineering(72)	162.35	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	Metals and Metal Forming(17)	160.11	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
11	CONSUMER GOODS (DURABLE)(53)	192.54	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
12	Lt. Electronics, Radio TV(15)	233.23	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
13	Household Goods(12)	182.71	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
14	Motors and Distributors(26)	116.54	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21	CONSUMER GOODS (NON-DURABLE)(175)	203.98	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	Breweries(14)	229.54	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
23	Wines and Spirits(6)	249.88	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
24	Entertainment, Catering(17)	251.04	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	Food Manufacturing(22)	200.44	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	Food Retailing(15)	214.69	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Newspapers, Publishing(14)	346.89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
33	Packaging and Paper(15)	138.99	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Stores(37)	195.12	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Textiles(25)	173.45	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
36	Tobaccos(3)	223.11	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
37	Toys and Games(6)	112.52	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	OTHER GROUPS(98)	180.59	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Chemicals(22)	260.48	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43	Pharmaceutical Products(7)	259.90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44	Office Equipment(6)	134.44	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Shipping(10)	474.36	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
46	Miscellaneous(54)	204.29	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP(486)	208.67	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oils(4)	460.98	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX	230.64	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP(100)	172.30	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks(6)	196.61	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
63	Discount Houses(10)	254.01	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64	Hire Purchase(5)	162.09	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life)(10)	139.29	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite)(7)	137.55	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance Brokers(10)	333.14	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks(14)	82.54	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property(31)	244.83	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Miscellaneous(7)	109.01	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts(50)	193.81	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance(4)	90.85	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders(19)	281.81	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX(672)	214.20	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST PRICE INDICES

	British Government	Tues., Jan. 3	Day's change %	xd adj. To-day	xd adj. 1977 to date
1	Under 5 years	[illegible]	[illegible]	[illegible]	[illegible]
2	5-15 years	[illegible]	[illegible]	[illegible]	[illegible]
3	Over 15 years	[illegible]	[illegible]	[illegible]	[illegible]
4	Irredeemables	[illegible]	[illegible]	[illegible]	[illegible]
5	All stocks	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST YIELDS — Br. Govt. Av. Gross Red.

			Tues. Jan. 3	Fri. Dec. 30	Year ago (approx.)
1	Low Coupons	5 years	[illegible]	[illegible]	[illegible]
2		15 years	[illegible]	[illegible]	[illegible]
3		25 years	[illegible]	[illegible]	[illegible]
4	Medium Coupons	5 years	[illegible]	[illegible]	[illegible]
5		15 years	[illegible]	[illegible]	[illegible]
6		25 years	[illegible]	[illegible]	[illegible]
7	High Coupons	5 years	[illegible]	[illegible]	[illegible]
8		15 years	[illegible]	[illegible]	[illegible]
9		25 years	[illegible]	[illegible]	[illegible]
10	Irredeemables		[illegible]	[illegible]	[illegible]

		Tuesday, Jan. 3 Index No.	Yield %	Friday Dec. 30	Thurs. Dec. 29	Wed. Dec. 28	Friday Dec. 23	Thurs. Dec. 22	Wed. Dec. 21	Tues. Dec. 20	Year ago (approx.)
15	20-yr. Red. Deb. & Loans (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
16	Investment Trust Prefs. (15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
17	Coml. and Indl. Prefs. (20)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A list of the constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 13p, by post 22p.

AUTHORISED UNIT TRUSTS

OFFSHORE AND OVERSEAS FUNDS

INSURANCE, PROPERTY, BONDS

CLIVE INVESTMENTS LIMITED
1 Royal Exchange Ave., London EC3V 3LU. Tel. 01-283 1101
Index Guide as at 6th December, 1977 (Base 100 at 14.1.77.)

Clive Fixed Interest Capital	135.19
Clive Fixed Interest Income	128.03

CORAL INDEX: Close 484-489

INSURANCE BASE RATES

† Property Growth	8½%
Cannon Assurance	4½%

† Address shown under Insurance and Property Bond Table.

BASE LENDING RATES

A.B.N. Bank	7½%	■ Hill Samuel §	7 %
Allied Irish Banks Ltd.	7½%	C. Hoare & Co. †	7 %
American Express Bk.	7 %	Julian S. Hodge	8½%
Amro Bank	7½%	Hongkong & Shanghai	7 %
A P Bank Ltd.	7 %	Industrial Bk. of Scot.	7 %
Henry Ansbacher	7½%	Keyser Ullmann	7 %
Banco de Bilbao	7½%	Knowsley & Co. Ltd.	9 %
Bank of Credit & Cmce.	7½%	Lloyds Bank	7 %
Bank of Cyprus	7½%	London & European	8½%
Bank of N.S.W.	7½%	London Mercantile	7 %
Banque Belge Ltd.	7½%	Midland Bank	6¾%
Banque du Rhone	8 %	■ Samuel Montagu	6¾%
Barclays Bank	7½%		
Barnett Christie Ltd.	8½%	■ Morgan Grenfell	7 %
Bremar Holdings Ltd.	8½%	National Westminster	7½%
Brit. Bank of Mid. East	7 %	Norwich General Trust	7 %
■ Brown Shipley	7 %	P. S. Refson & Co.	7 %
Canada Permanent AFI	7½%	Rossminster Accept'cs	7½%
Capitol C & C Fin. Ltd.	9 %	Royal Bk. Canada Trust	7½%
Cayzer Ltd.	7½%	Schlesinger Limited	7½%
Cedar Holdings	8 %	E. S. Schwab	9 %
■ Charterhouse Japhet	7 %	Security Trust Co. Ltd.	8½%
C. E. Coates	8½%	Shenley Trust	9½%
Consolidated Credits	7½%	Standard Chartered	7½%
Co-operative Bank *	7 %	Trade Dev. Bank	7½%
Corinthian Securities	7½%	Trustee Savings Bank	7 %
Credit Lyonnais	7 %	Twentieth Century Bk.	8½%
Duncan Lawrie ¶	7½%	United Bank of Kuwait	7 %
Eagil Trust	7½%	Whiteaway Laidlaw	7½%
English Transcont.	8 %	Williams & Glyn's	7½%
First Nat. Secs. Ltd.	9 %	Yorkshire Bank	7½%
First London Secs.	7½%		
First Nat. Fin. Corpn.	9 %		
■ Antony Gibbs	7 %		
Goode Durrant Trust	7½%		
Greyhound Guaranty	7½%		
Grindlays Bank ‡	7½%		
■ Guinness Mahon	7 %		
■ Hambros Bank	7 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 4%, 1-month deposits 4½%.
† 7-day deposits on sums of £10,000 and under 4%, up to £25,000 4½% and over £25,000 5%.
‡ Call deposits over £1,000 4%.
¶ Demand deposits 4½%.
§ Rate also applies to Sterling Ind. Secs.

NOTES

FT SHARE INFORMATION SERVICE

**BRITISH FUNDS

1977-78 High	Low	Stock	£	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
101¹¹⁄₁₆	95⅝	Treasury 9pc 1978‡‡	100½	.....	8.96	6.34
104¹⁄₁₆	97⅜	Treasury 10½pc '78‡‡	102¹³⁄₁₆xd	.....	10.21	5.08
100¼	90¹³⁄₁₆	Exch. 5pc '76-78‡‡	99½	.....	5.03	5.86
107	95⅞	Treasury 11½pc '79‡‡	104¹¹⁄₁₆	–⅛	10.96	7.03
97¾	84⅝	Treasury 3pc '79‡‡	96⅛	+⅛	3.12	5.33
98¾	85⅛	Electric 4¼pc '74-79	97¾	+⅛	4.37	5.94
106¹¹⁄₁₆	92	Treasury 10½pc '79‡‡	104½	+⅛	10.05	7.79
97⅝	84⅞	Electric 3½pc '76-79	96⅜	+⅛	3.63	5.57
107	87¾	Treasury 9pc 1980‡‡	103⅛	+¼	8.73	7.44
105¾	88⅜	Treasury 9½pc '80‡‡	102¹³⁄₁₆	+⅛	9.23	8.11
96	82⅞	Treasury 3½pc '77-80	95	+¼	3.68	5.72
98¼	83⅛	Funding 5¼pc '78-80‡‡	96½	+¼	5.44	6.83
112⅝	96¹³⁄₁₆	Exchequer 13pc 1980‡‡	110¼	.....	11.79	8.89
108⅛	92⅞	Treasury 11½pc 1981‡‡	106¼xd	.....	10.82	9.18
94¼	77⅞	Treasury 3½pc 1979-81	91	+¼	3.85	6.74
104	86⅝	Treasury 9¾pc 1981‡‡	101½	.....	9.61	9.19
97⅛	96¼	Exch. 8¼pc 1981●	97⅛	+⅛	8.49	9.22
103½	97½	Exch. 9½pc 1981	100⅝xd	–⅛	9.44	9.32
92⅛	87¼	Exch. 3pc 1981	87¾	.....	3.42	6.88
98¼	96⅛	Treas. Variable '81§§	96⅛	.....	7.10	8.00
113⅞	96¼	Exch. 12¾pc 1981‡‡	111	+⅛	11.49	9.30
100⅝	82⅞	Treas. 8½pc '80-82‡‡	99⅜xd	+⅛	8.55	8.70
93⅛	71⅝	Treasury 3pc '82‡‡	86⅝	+⅛	3.46	6.77
119⅛	101⅝	Treasury 14pc '82‡‡	115⅞	+⅛	12.08	9.34
98½	95¾	Treas. Variable '82§§	95¾	.....	7.13	7.98
98⅝	93⅝	Treasury 8¼pc '82	96½xd	.....	8.56	9.26
102⅛	93⅝	Exch. 9¼pc 1982	100¼	+⅛	9.23	9.17
		Five to Fifteen Years				
87⅝	81¼	Exch. 3pc '83	84⅝	–⅛	3.59	6.86
114¼	95½	Treasury 12pc 1983‡‡	110¾	+½	10.84	9.36
101⅞	96½	Treasury 9¼pc '83	99½xd	+½	9.30	9.38
95½	72⅝	Funding 5½pc '82-84‡‡	89⅝xd	+¼	6.13	7.65
100¾	77⅝	Treasury 8½pc '84-86‡‡	96⅞xd	+⅜	8.76	9.02
87⅞	66¼	Funding 6½pc '85-87‡‡	87⅝	+⅜	7.52	8.64
94	68½	Treasury 7¾pc '85-88‡‡	89⅝xd	+⅜	8.60	9.29
74⅞	49⅛	Transport 3pc '78-88	68⅜xd	+½	4.39	7.39
76¼	53⅞	Treasury 5pc '86-89	75⅛	+⅜	6.76	8.54
121¼	90	Treasury 13pc 1990‡‡	115¼xd	+⅜	11.24	10.67
94¾	67⅛	Treasury 8¼pc '87-90‡‡	89⅜	+½	9.28	9.81
112	88¾	Treasury 11¾pc 1991	106½xd	+⅜	11.01	10.79
76½	53¾	Funding 5¾pc '87-91‡‡	75¼	+⅜	7.80	9.23
118	86¼	Treasury 12¾pc '92‡‡	112½xd	+⅜	11.31	10.96
96⅜	89¼	Treasury 10pc 1992	96⅜	+⅜	10.52	10.69
113	89½	Exch. 12¼pc '92	113	+⅜	11.28	11.04
		Over Fifteen Years				
116¼	84½	Treasury 12½pc '93‡‡	110⅝xd	+⅜	11.27	11.02
73⅞	51⅝	Funding 6pc 1993‡‡	72⅜	+⅜	8.51	9.68
126½	96	Treasury 13¾pc 1993‡‡	120¼	+⅜	11.59	11.20
129¼	99	Treasury 14½pc '94‡‡	128⅞	+⅜	11.70	11.28
114⅛	94⅝	Exch. 12½pc 1994	114⅛	+¼	11.35	11.14
96	66¼	Treasury 9pc '94‡‡	89⅞	+⅜	10.15	10.43
110¾	97⅞	Treasury 12pc '95	106¾xd	+⅜	11.17	11.03
51⅞	32⅝	Gas 3pc '90/95	51⅞	+⅜	5.84	8.37
120⅝	87	Treasury 12¾pc '95‡‡	114⅛	+⅜	11.35	11.13
72½	66¾	Treasury 9pc '92/96‡‡	90½	+⅜	10.26	10.52
133¼	101⅛	Treasury 15¼pc '96‡‡	131½	+⅜	11.83	11.45
124	89¾	Exchequer 13¼pc '96‡‡	117⅞	+⅜	11.44	11.20
50	31½	Redemption 3pc 1986-96	50	+⅜	6.10	8.44
122½	87⅛	Treasury 13¼pc '97‡‡	115¼xd	+⅜	11.43	11.22
98⅜	90⅝	Exchequer 10½pc 1997	98⅜	+⅜	10.63	10.88
89⅝	64⅞	Treasury 8¾pc 1997‡‡	88¼	+⅜	10.26	10.54
72¼	50¾	Treasury 6¾pc '95-98‡‡	72¼	+⅜	9.50	10.14
136½	103⅝	Treas. 15½pc '98‡‡	135⅜	+⅜	11.81	11.49
97	65⅝	Treasury 9½pc 1999‡‡	90½xd	+⅜	10.46	10.61
16¼	14⅞	Treas. 10½pc '99 (£15pd.)	16¼	+½	10.92	10.96
44¾	27⅝	Funding 3½pc '99-04	42½xd	+⅜	8.22	9.43
82¼	57½	Treasury 8pc '02-06‡‡	80⅞	+½	10.14	10.30
59	40½	Treasury 5½pc '08-12‡‡	58⅜	+⅜	9.71	9.98
80¼	53¼	Treasury 7¾pc '12-15‡‡	76⅜xd	+½	10.09	10.17
		Undated				
38⅞	26¼	Consols 4pc	37¼xd	+¼	10.69	—
38½	25⅝	War Loan 3½pc‡‡	37⅛	+¼	9.51	—
39¾	26¾	Conv. 3½pc '61 Aft.	39¼	+¼	9.13	—
28⅝	20½	Treasury 3pc '66 Aft.	28⅝	+¼	10.76	—
24⅛	17¼	Consols 2½pc	24⅛xd	+¼	10.36	—
24	17⅛	Treasury 2½pc	24	+¼	10.71	—

**INTERNATIONAL BANK

88¼	75½	5pc Stock '77-82	87¾	.....	5.71	8.28

**CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

U.S. $ & DM prices exclude inv. $ premium

AMERICANS

[illegible]

AMERICANS—Continued

[illegible]

S.E. List Premium 30% (based on $US1.9480 per £)

Conversion factor 0.7690 (0.7563)

CANADIANS

[illegible]

S.E. List Premium 30% (based on $2.1266)

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

BUILDING INDUSTRY—Cont.

[illegible]

CHEMICALS, PLASTICS

[illegible]

CINEMAS, THEATRES AND TV

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICAL AND RADIO

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCE

[illegible]

INSURANCE—Continued

[illegible]

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPBUILDERS, REPAIRERS

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INV. TRUSTS—Continued

[illegible]

Finance, Land, etc.

[illegible]

FINANCE, LAND—Continued

[illegible]

OILS

[illegible]

OVERSEAS TRADERS

[illegible]

RUBBERS AND SISALS

[illegible]

TEAS

India and Bangladesh

[illegible]

Sri Lanka

[illegible]

Africa

[illegible]

MINES

CENTRAL RAND

[illegible]

EASTERN RAND

[illegible]

FAR WEST RAND

[illegible]

O.F.S.

[illegible]

FINANCE

[illegible]

DIAMOND AND PLATINUM

[illegible]

MINES—Continued

CENTRAL AFRICAN

1977-78 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
195	70	Falcon Rh.50c	160	+5	Q50c	φ	29.6
20	9	Rhod'n Corp. 16⅔p.	18½	......	0.57	4.3	4.6
165	52	Roan Cons. K4	52	−3	—	—	—
164	115	Tanganyika 50p	136	−1	Q11.0	1.1	8.1
80	70	Do. Pref. 80p	78	......	Q9%	16.4	9.2
42	27	Wankie Col. Rh.1	34	+2	Q7½c	1.4	18.8
27½	12½	Zam.Cpr.SBD0.24	12½	......	—	—	—

AUSTRALIAN

1977-78 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
20	10	Acmex 25c	11	......	—	—	—
127	57	Bougainville 50 Toea	76	......	Q10c	1.5	8.3
128	74	BH South 50c	74	−2	—	—	—
325	119	Conzinc Riotinto 50c	186	−6	Q9c	2.3	3.0
65	18	G.M. Kalgoorlie $1	58	−2	—	—	—
112	77	Hamptn Areas 5p	81	......	1.45	4.1	2.7
35	10	Metals Ex. 50c	16	−1	—	—	—
242	136	M.I.M. Hldgs. 50c	143	−5	Q9c	1.7	3.9
105	10	Mount Lyell 25c	13	+3	—	—	—
2¼	1	Newmetal 10c	2½	+½	—	—	—
120	83	North B. Hill 50c	88	−2	Q8c	1.5	5.6
12	4½	Nth. Kalgurli	10	......	—	—	—
143	87	Oakbridge $A1	129	−5	Q11c	1.9	5.4
55	20	Pacific Copper	30	−4	—	—	—
£13	575	Pancont'l 25c	975p	−25	—	—	—
19	8	Paringa M&Ex.5p	13	......	—	—	—
555	345	Peko-Wallsend 50c	430	−15	Q15c	φ	2.2
—	—	Poseidon 20c	75#	......	—	—	—
12	6	Vultan Min. 50c	12	......	—	—	—
164	95	Westn. Mining 50c	95	−3	Q6c	1.4	3.9
75	40	Whim Creek 20c	50	......	—	—	—

TINS

1977-78 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
39	18	Amal. Nigeria	30	......	2.51	1.6	12.7
395	245	Ayer Hitam $M1	245	−10	Q416.7c	0.9	42.2
57	25	Beralt Tin	46	−1	3.75	2.3	12.4
260	155	Berjuntai $M1	205xd	+2	±Q60c	φ	—
570	260	Geevor	460	−15	18.15	3.4	6.0
13	8	Gold & Base 12½p	10	......	—	—	—
325	190	Gopeng Cons.	260	−5	13.2	1.9	7.7
135	72	Hongkong	130	−5	—	—	—
100	60	Idris 10p	93	......	9.14	1.0	14.9
10½	7	Jantar 12½p	10	......	—	φ	—
85	30	Kamunting $M0.50	72	−1	ZQ15.5c	0.7	5.3
490	260	Killinghall	450	......	Q125	φ	11.1
410	217	Malay Dredging $M1	295	−25	Q95.5c	φ	8.0
—	—	♦Pahang	27#	......	†Q2.5	0.5	9.3
70	50	Pengkalen 10p	58	......	5.58	1.3	14.6
215	133	Petaling $M1	185	−5	mQ12½c	10.9	1.7
90	35	Saint Piran	60xd	......	g1.99	φ	5.0
73	59	South Crofty 10p	59xd	+½	b4.12	1.5	10.2
210	77	South Kinta $M0.50	150xd	−25	tQ77.8c	1.4	12.9
305	148	Sthn Malayan $M1	250xd	−27½	tQ131.3c	1.1	13.0
160	57	Sungei Besi $M1	148	−4	—	—	—
*60	19	Supreme Corp. $M1	55	......	ZQ10	—	4.5
102	42	Tanjong 15p	97	−3	Q6.87%	φ	10.2
95	45	Tongkah Hrbr. $M1	90	......	mQ16%	1.6	4.7
203	93	Tronoh $M1	158	......	ZQ30c	2.0	4.7

COPPER

1977-78 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
198	88	Messina R0.50	88	−5	Q30c	1.9	22.8

MISCELLANEOUS

1977-78 High	Low	Stock	Price	+ or —	Div. Net	C'vr	Y'ld Gr's
9½	9	Burma Mines 17½p.	9	......	—	—	—
115	58	Colby Mines $C1	86	−2	—	—	—
600	250	Cons. Murch. 10c	255xd	−1	Q30c	φ	‡
475	275	Northgate C$1	285	−5	—	—	—
247	173	R.T.Z.	189	+4	t8.5	q3.1	6.8
70	28½	Sabina Inds. C$1	46½	......	—	—	—
£14¼	875	Tara Exptn. $1	925	−25	—	—	—
55	39	Tehidy Minerals 10p	45	......	1.21	2.5	4.1
160	121	Yukon Cons. C$1	137	......	Q7c	φ	3.1

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on the basis of net distribution; bracketed figures indicate 10 per cent. or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution. Yields are based on middle prices, are gross, adjusted to ACT of 34 per cent. and allow for value of declared distributions and rights. Securities with denominations other than sterling are quoted inclusive of the investment dollar premium.

- A Sterling denominated securities which include investment dollar premium.
- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- φ Figures or report awaited.
- †† Unlisted security.
- ø Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ** Free of Stamp Duty.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ♥ Excluding a final dividend declaration.
- ♣ Regional price.
- ‖ No par value.

a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. r Australian currency. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. D Cover and P/E ratio exclude profits of U.K. aerospace subsidiaries. E Issue price. F Dividend and yield based on prospectus or other official estimates for 1977-78. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1976-77. K Figures based on prospectus or other official estimates for 1978. M Dividend and yield based on prospectus or other official estimates for 1978. N Dividend and yield based on prospectus or other official estimates for 1976. P Dividend and yield based on prospectus or other official estimates for 1977. Q Gross. T Figures assumed. U No significant Corporation Tax payable. Z Dividend total to date. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

"Recent Issues" and "Rights" Page 20

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £400 per annum for each security

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or —
Albany Inv. 20p	23	......
Ash Spinning	41	......
Bertam	19	......
Bdg'wtr. Est. 50p	273	......
Clover Croft	23	......
Craig & Rose £1	380	......
Dyson (R.A.)	35	......
Ellis & McHdy.	65	......
Evans Fr'k 10p	28	......
Evered	16	+½
Fife Forge	47	......
Finlay Pkg. 5p	20	+1½
Graig Ship. £1	250	......
Higsons Brew.	135	......
I.O.M. Stm. £1	143	......
Holt (Jos.) 25p	237	......
N'thn. Goldsmith	39	......
Pearce (C. H.)	111	......
Peel Mills	17	......
Sheffield Brick	45	......
Sheff. Refrshmt.	50	......
Shiloh Spinn.	20	......
Sindall (Wm.)	83	......

IRISH

Stock	Price	+ or —
Conv. 9% '80/82.	£98⅞	+½
Alliance Gas	67	......
Arnott	300	......
Carroll (P.J.)	85½xd	......
Clondalkin	75½	......
Concrete Prods.	110	......
Heiton (Hldgs.)	48	......
Ins. Corp.	160	......
Irish Ropes	130	......
Jacob	45	......
Sunbeam	24	......
T.M.G.	175	......
Unidare	65	......

OPTIONS
3-month Call Rates

Industrials	
A. Brew	6½
A.P. Cement	18
B.S.R.	11
Babcock	10
Barclays Bank	25
Beecham	38
Boots Drug	15
Bowaters	16
B.A.T.	24
British Oxygen	6
Brown (J.)	20
Burton 'A'	9
Cadburys	5
Courtaulds	10
Debenhams	10
Distillers	13
Dunlop	8½
Eagle Star	11
E.M.I.	18
Gen. Accident	17
Gen. Electric	16
Glaxo	40
Grand Met.	9
G.U.S. 'A'	18
Guardian	18
G.K.N.	22
Hawker Sidd.	60
House of Fraser	12
I.C.I.	25
"Imps"	7
I.C.L.	20
Inveresk	7
KCA	5
Ladbroke	17
Legal & Gen.	14
Lex Service	6
Lloyds Bank	22
"Lots"	5
London Brick	5
Lonrho	7
Lucas Inds.	25
Lyons (J.)	13
"Mams"	7
Mrks. & Spncr	13
Midland Bank	25
Nat. West. Bank	22
Do. Warrants	10
P & O Dfd.	12
Plessey	9
R.H.M.	5
Rank Org. 'A'	18
Reed Intl.	18
Reyrolle	20
Spillers	4
Tesco	4
Thorn 'A'	22
Trust Houses	13
Tube Invest.	30
Unilever	40
Utd. Drapery	7½
Vickers	15
Woolworths	6

Property	
Brit. Land	3¼
Cap. Counties	5
E.P.	5
Intereuropean	5
Land Secs.	18
MEPC	12½
Peachey	10
Samuel Props.	10
Town & City	2

Oils	
Brit. Petroleum	45
Burmah Oil	7
Shell	28
Ultramar	22

Mines	
Charter Cons.	12
Charterhall Fin.	3½
Cons. Gold	20
Rio T. Zinc	16

A selection of Options traded is given on the London Stock Exchange Report page

FINANCIAL TIMES
Wednesday January 4 1978

Saudis press Carter on free Palestine

BY IHSAN HIJAZI

BEIRUT, Jan. 3.

President Carter is given a smiling welcome by King Khaled.

PRESIDENT Jimmy Carter arrived in Saudi Arabia to-day *on the fourth leg of his tour to* face strong Saudi Arabian demands for a change in the U.S. Administration's policy towards the Palestinians and the application of more pressure on Israel *to make major concessions.*

Despite claims by a senior U.S. official travelling aboard the White House aircraft that the Kingdom was "moving in the direction of a Palestinian State linked to Jordan"—a suggestion which the Palestinians vehemently oppose—all the signs are that the Saudi leaders will be pressing for the creation of an independent Palestinian State in the Middle East.

On the eve of Mr. Carter's arrival, Saudi Arabia demonstrated its renewed support for the Palestinians when it allowed *the local representative of the* main commando group, Fatah, to hold a gathering in Riyadh on the occasion of the 13th anniversary of its establishment. The Saudi governor of the area was present.

The Palestinian official, Mr. Abu Hisham, disclosed that in 1977, Saudi Arabia gave Fatah as much as $34m. in aid. Significantly Abu Hisham's statements were reproduced by the State-controlled Saudi news agency.

Saudi officials are understood to be concerned about the growing hostility between the United *States and the PLO.*

Both the State-controlled radio and Press urged Mr. Carter to bring pressure to bear on Israel over the Palestinian issue.

During his overnight stay in Riyadh President Carter is expected to urge King Khaled and Crown Prince Fahd—whom he met to-day—to be forthcoming in supporting President Anwar Sadat of Egypt's controversial peace initiative.

Mr. *Carter attaches crucial* importance to Saudi Arabia, the world's largest oil exporter and the main paymaster of Egypt. However, he is in its debt because of the action taken by *Saudi Arabia together with Iran* last month in effectively imposing a price freeze for the coming six months on other members of the Organisation of Petroleum Exporting Countries.

Oil prices, the depreciation of the U.S. dollar and the energy problem in general, as well as the Somali-Ethiopian conflict, were also expected to figure prominently in the U.S. President's discussions in Riyadh.

According to reliable diplomatic sources here, Mr. Carter decided to go to Egypt after receiving an urgent message from Mr. Sadat in which he allegedly said that unless the U.S. rectified its position on the Palestinian question, Mr. Sadat's entire initiative would be in ruin. Such a state of affairs could lead to Mr. Sadat's resignation, the *Egyptian President warned in his* message to Mr. Carter, according to the sources.

Roger Matthews reports *from* **Cairo:** Mr. Sadat has again insisted that there can be no *half-measures on the question of* Palestinian self-determination. "I believe there is no one in the world who would differ with me about it," he told a Mexican television team. "Self-determination is a principle agreed upon the world over."

However, President Sadat also thought that he had made tangible progress towards peace during his Christmas summit with Mr. Begin, during which Egypt formally rejected proposals for civilian self-rule for Palestinians on the West Bank and Gaza Strip.

Paris talks Page 2.
Sadat demand Page 4

New oil hunt follows rich Dorset find

BY RAY DAFTER, ENERGY CORRESPONDENT

BRITISH GAS is to drill further oil exploration wells in Dorset following its significant new *discovery, deep underground* below its Wytch Farm field near Corfe Castle.

The corporation's exploration team has still to complete the latest well which is now at a *depth of some 6,000 ft. The well* may be sunk a further 2,000 ft in the effort to find even more reserves. But it is already clear that Wytch Farm must be rated an important oil reservoir in terms of *Britain's economy.*

Oil industry sources suggested that on the evidence of flow rates the upper and lower fields at Wytch Farm may contain at least 50m. barrels of recoverable reserves. Although this is small when set against some of the biggest North Sea finds—British Petroleum's Forties field with 1.8bn. barrels, for instance—it is still bigger than the offshore Argyll field and almost on a par with Shell/Esso's Auk field.

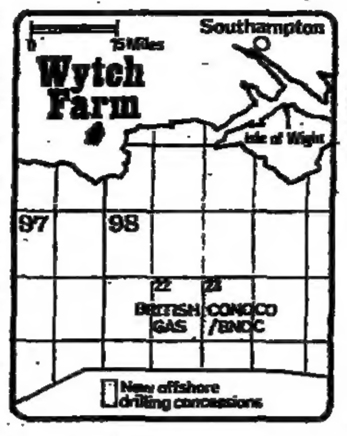
It is possible that Wytch Farm will be even bigger than 50m. barrels. British Gas, operator for a group which also includes BP, was intending to produce oil from the upper field at a rate of 4,000 to 5,000 barrels a day. Following the new discovery over the Christmas period *it is thought that the output will* be nearer 10,000 barrels a day.

Autumn start

Production is expected to continue for 15 to 20 years, which means that at current oil values the recoverable reserves are worth £500m. to £600m.

Furthermore, the annual production rate from Wytch Farm alone will be five *times as great* as the output from all the small landward fields now being commercially exploited.

The Wytch Farm field is expected to come on stream this autumn, although it could be late summer or the autumn of 1979 before it is approaching its peak output. The crude will be transported from the wellheads through a pipeline to a rail terminal at nearby Furzebrook. From here the oil will be carried in rail tankers to BP's South



Wales refinery at Llandarcy, near Neath.

The whole operation will be run at a fraction of the costs faced by oil companies in the North Sea. This is one of the major attractions of the Wytch Farm reservoir.

But there are other reasons why the find must be considered significant. British Gas geologists used the evidence of earlier drilling to calculate the possibility of finding further reserves deeper down in the earth's crust. Similar second-tier finds have been made in the North Sea, and it is possible that much more oil lies below the first generation of oil fields.

British Gas plans to drill several more deep wells at Wytch Farm, although at present the corporation believes that the lower reservoir covers roughly the same area as the upper one.

The new discovery will not only encourage *other oil groups* which are drilling on shore. It will help to generate new exploration interest in the English Channel off the coast of Dorset, where new licences may be allocated *in future drilling rounds.*

British Gas has already been awarded a drilling concession on block 98/22 to the south east, while Continental Oil and British National Oil Corporation are still finalising the details for drilling on their new licence, 98/23.

THE LEX COLUMN

Pressures on the dollar premium

Sterling has started the New Year in fine fettle jumping by 4.65 cents to $1.9635 and on a trade-weighted basis the *exchange rate rose by nearly a* point to 66.1. In sharp contrast the effective dollar premium has been tumbling. Yesterday the rate slipped to 29¾ per cent.—its lowest level since early October.

Following the abolition of the 25 per cent. surrender rule, just under a fortnight ago, the effective rate has fallen from 40¼ per cent., and while some initial weakness was anticipated, the extent of the recent drop has taken some institutional investors by surprise. Part of the reason is that certain overseas *stock markets, especially in the* Far East, have been weak and some investors are capitalising on the ending of the surrender rule and taking some profits.

However, the key influence on the dollar premium market in the short-term is the weakness of the dollar. While exchange rates continue to oscillate violently U.K. investors are adopting a cautious stance towards overseas stock markets of which far and away the most *important is Wall Street. The* dollar premium is traditionally a highly volatile market and the current uncertainty is only exacerbating the situation. *Since the size of the liquid in*vestment currency pool probably fluctuates between just £50m. and £150m., U.K. investors do not have to liquidate *much of their overseas port*folios—estimated at £8.2bn. at the end of 1976—to have a significant impact on the rate.

Consequently the institutions are eyeing the current movements in the currency premium with some unease. Now that the surrender rule is abolished investment through the premium *looks considerably more attrac*tive and this is enhanced by the fall in the premium. But while some investors will become active buyers once the premium *drops to 25 per cent. the threat* of its eventual abolition will ensure that it will remain a volatile market.

Graff Diamonds

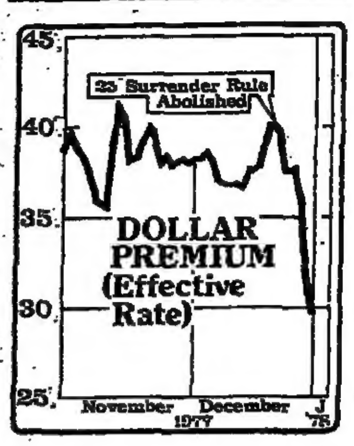
A new offer, effectively of 50p a share, has gone out to the 200 obstinate shareholders of *Graff Diamonds who refused to* touch the 28p a share terms which were eventually accepted by most shareholders in May last year. At the time of the first offer shareholders were assured that there was "no prospect of any improvement" in the terms, and acceptance was advised by Hambros Bank on the grounds that "cash at this time has more attractions to you than remaining a minority shareholder."

The price now offered of 10p (after a four-for-one scrip issue) *would not necessarily have been* offered generally, had the first bid failed. But are the awkward 200 likely to accept the advice of the very same Hambros Bank that 50p is now the price at which to sell out? The threat is that if there is not adequate acceptance the offer "may well" lapse. Yet *shareholders will also spot note* 3 of Appendix 2 in the offer document which mentions at least the possibility of an improvement in the terms.

Hambros points out that its willingness to recommend the equivalent of 5.6p a year ago partly reflected the much lower general level of share prices then (though *this factor cannot* wholly explain the 80 per cent. increase to 10p). In favouring 10p now, it is taking into account a slight setback in pre-*tax profits of 11 per cent. in the* five months ended November and also the fact that the net asset value is under 7p.

It seems strange, however, that *Mr. Laurence Graff is not* willing to go to the psychologically important level of 11.4p, effectively the price at which the shares were originally *floated five years ago. Holders* of around 45 per cent. of the outstanding shares have agreed to accept the new terms. But Mr. Graff's private vehicle Sandstar could have a struggle to get to the acceptance levels—75 per cent. of shareholders, 90 per cent. of the minority shares—needed to allow a final compulsory mopping-up operation.

Index rose 0.2 to 485.6



Life assurance

After a difficult time in 1977, the life assurance sector is girding itself up for an outstanding year for new business growth in 1978. Figures published in the last few days confirm the pattern set by Standard Life a month ago of a very sharp fall in the rate of new annual premium growth from the level of nearly 25 per cent. compound over the preceding four years.

Scottish Widows, for instance, to-day discloses a rise of just 4 per cent. But many of last year's negative influences will be working the other way in 1978.

The trend has already recovered from the first half of *last year, when real disposable* income was falling and house purchase activity was flat. Another major constraint on new business which has now been *reversed stemmed from the im*pact of the Government's incomes policy on pensions business. Some companies saw a fall of as much as 30 per cent. *in new large group schemes as* a result of Stage Two restraints.

Now, by contrast, pensions can again be treated as deferred pay. As a result, substantially *improved benefits are a feature* of a number of current wage negotiations. The new state pension scheme starting this Spring is also shaping up to be *something of a bonanza for the com*panies.

Pension business looks like being the main growth area for the next couple of years, but *even the less fashionable classes* seem to be heading for real growth. In the dull old industrial branch, for instance, the Pru produced a rise of under a *tenth in 1977 when it probably* lost a little of its market share. This time, it expects to do much better—especially if, as seems possible, the lower tax *brackets get favourable* treatment in the Budget.

Overall, industry leaders are suggesting a rise of as much as 25 per cent. in new business *this year. If that materialises,* then in real terms it would represent the strongest performance for at least five years.

CompAir buys stake in U.S. company

FINANCIAL TIMES REPORTER

COMPAIR yesterday became the latest British company to announce a major acquisition in the United States. The group, which manufactures air compressors and pneumatic tools, has agreed terms to buy the Fluid Power Division of the Watts Regulator Company of Lawrence, Massachusetts, for $15m. (£7.7m.).

The deal is to be financed largely by long-term U.S. loans with the balance supplied by the $3m. to $4m. remaining from the group's $10m. Convertible Bond issue this year—left after the group's programme to restructure its overseas debt.

CompAir has been indicating since the beginning of last year that it was poised to make another U.S. acquisition after its purchase for $9m. in 1971 of Kellogg - American, manufacturers of air compressors.

Sales of Kellogg last year "comfortably exceeded £10m." and Mr. Alex Masters, chief executive of CompAir, said yesterday that turnover in the U.S could double in the current year with the new acquisition included.

Watts Regulator is a private company based in Lawrence, Massachusetts. CompAir claimed yesterday that its Power Fluid Division was the second largest supplier of air filters, regulators, lubricators and associated equipment in the U.S. controlling around 20 per cent. of the market.

The group said that all the formalities necessary to complete the deal should be concluded by the end of February when a letter giving full particulars of the acquisition, including past sales and profits performance of the new division will be sent to shareholders.

*As well as acquiring manufac*turing facilities in the U.S. the group will also be purchasing some "elements outside the U.S." including a U.K. subsidiary company Watts Regulator U.K. based at Thrupp near Stroud, Glos., as well as operations in Canada and Germany.

CompAir plans to vest the newly acquired U.S. division into a new subsidiary company Watts Fluid Power, while Watts Regulators will continue to run the remaining features of its business, selling specialised products to the plumbing and *heating industries.*

The U.K. subsidiary acquired as part of the deal will have its name changed to Watts Fluid Power Ltd.

Mr. Niall Macdiarmid, chair*man of CompAir said yesterday* that the new acquisition would strengthen CompAir's existing product range and represented a valuable extension of the group's business "in the world's *major market for compressed* air equipment."

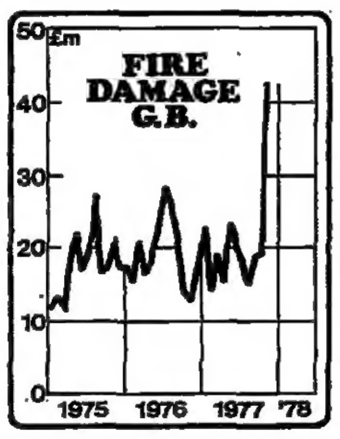
News Analysis, Page 15

Cost of fire damage doubles

Financial Times Reporter

THE *FIREMEN'S* strike, now in its seventh week, has pushed up the cost of fire damage to the worst monthly total since the Flixborough disaster in 1974.

Latest figures from the British Insurance Association show that the cost of fire damage for November of £42.7m. was more than double



the monthly average of £18.5m. *for the previous ten months of* 1977.

Although the firemen's strike started half-way through the month, the BIA points out: "November losses were undoubtedly higher because of the reduction of the cover normally provided by the fire service."

There were 126 fires in November, estimated to have cost over £30,000, including 28 estimated at more than £200,000 and seven at over £750,000. A £5m. claim from the Tilbury power station fire at the beginning of the strike is included in the latter category.

This is a sizeable increase when set against the figures for October when there were 84 fires estimated to have cost over £30,000, including 14 at over *£200,000.*

The insurance industry is cautious about making projections for December. The returns from the companies' branch offices are not yet complete.

Even so, December, traditionally one of the better months because of the long holiday period when industry shuts down, is expected to be *little improved on the* November figures.

Bid to simplify spending system

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE Treasury is considering proposals to simplify the present system of public expenditure planning and control.

The possibility of merging cash limits with the traditional system of Parliamentary estimates and accounts is now being examined by officials and will be discussed in detail with the Public Accounts Committee soon after the Commons returns next week.

At present, public expenditure figures are presented in three separate ways—survey prices in *volume terms for medium-term* planning in the annual expenditure White Paper, the historic spring estimates and later supplementaries for approval by Parliament, and cash limits for the *control of spending in money* terms.

Ever since the present cash limits system was introduced in April 1976 as the main method of short-term control over expenditure, the desirability of simplification has been recognised by the Treasury.

Officials believe a change would help to improve the scrutiny of expenditure by the Commons, while increasing the efficiency of programme management.

The hope in Whitehall is that sufficient progress can be made in co-operation with the Public Accounts and Expenditure Committees of the Commons for the merger of estimates and cash limits to be implemented in the financial year 1979-80.

A change along these lines has also been urged by a number of MPs—and was discussed in a Public Accounts Committee report last year—to restore some reality to Parliamentary control. Cash limits do not have to be approved specifically by the Commons.

There are some practical difficulties in the way of a merger of the two systems, as Mr. Denzil Davies, the Minister of State at the Treasury, pointed out in a recent Commons speech. But these are not seen as insuperable. The main problem is that cash limit blocks are fixed in the spring to take account of expected inflation during the financial year ahead.

Consequently, if Parliamentary estimates were *to include the* cash limit figure, the Commons would in effect be approving a pay limit and incomes policy for the public sector.

Without any incomes policy in the *public sector, it would be* more difficult to make the inflation estimate for the year ahead needed to fix the cash limit, of which more than half is wages and salaries.

Token strike called over petrol tanker pay

BY PHILIP BASSETT, LABOUR STAFF

LEADERS of 2,500 petrol tanker drivers in the Midlands have called a 24-hour unofficial strike from this morning over demands for pay rises of 30 per cent. and fringe benefits.

The stoppage may be the first of a series which will hit oil *and petrol deliveries.*

More than 150 tankers drivers at the Rowley Regis oil terminal in the West Midlands walked out early yesterday after the strike call, and more than 65 at Warley, West Bromwich, stopped work for 24 hours over their union's slow handling of their pay claim.

Drivers' leaders are threatening to step up the action unless *the pay demands are met,* although all the major oil companies except Gulf are already negotiating with the drivers.

Drivers' basic weekly wage is just under £60, but pay settlements are negotiated company by company. Employers so far have offered 10 per cent., sometimes with productivity deals as well.

Mr. Geoff Parkes, secretary of the Midland road tanker branch co-ordinating committee, which called yesterday for the token stoppage, said: "We used to be top of the wages tree but we are falling behind."

Leaders plan to lobby the transport union national executive in London next Tuesday to get support for a national strike.

Gulf, who have not yet received a pay claim, said they expected the Warley depot men to be back at work to-day.

BP have offered their drivers *rises of 10 per cent. and a pro*ductivity deal. Shell drivers' claim has been referred to the Advisory, Conciliation and Arbitration Service.

Continued from Page 1

U.S. steel prices

over normal business cycles since 1956.

European and other foreign steel manufacturers seling to the U.S. will, of course, also be subject to *the trigger prices.* However, since the Japanese industry is considered the most efficient and, where outright dumping is not resorted to, capable of selling more cheaply, it is reckoned that the European steel industry could still sell below cost, yet above the trigger price levels.

There was no immediate reaction from the domestic steel *industry here, which clearly* wants time to digest the figures announced to-day. By the same token, Treasury officials refused to say what the Japanese reaction would be to the trigger price *levels.*

NALGO seeks Press controls

By Our Labour Staff

THE NATIONAL and Local Government Officers' Association, Britain's biggest public sector union, called yesterday for tighter controls against bias in the Press particularly when anti-trade union.

In its submission to Mr. Edmund Dell, Trade Secretary, on the Report of the Royal Commission on the Press, the 700,000-strong union suggested a system *of independent monitoring of* newspapers to enable trade unions and similar organisations to counter bias against them.

The system, it proposed, should come under a strengthened Press Council.

Weather

U.K. TO-DAY

SCATTERED wintry showers with some sunsine in E; rather cloudy with rain or snow in W. and N. Rather cold.

London, S.E., Cent. N. England, E. Midlands

Sunny periods, cloudy later. Max. 4C (39F).

E. Anglia, E., N.E. England, Borders, Aberdeen, Cent. Highlands, Moray Firth, N.E., N.W. Scotland, Orkney, Shetland

Scattered showers, sunny intervals. Max. 2-4C (36-39F).

Cent. S., N.W. England, W. Midlands, Lake District, S.W. Scotland, Glasgow, Argyll

Cloudy, mostly dry. Max. 4-5C (39-41F).

N. Wales, *Isle of Man, N. Ireland*

Cloudy, rain or sleet. Max. 4C (39F).

Channel Islands, S.W. England, S. Wales

Cloudy with rain. Max. 6-7C (43-45F).

Outlook: Cloudy and mild with rain in N. Becoming mainly dry in S.

HOLIDAY RESORTS

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Ajaccio	C	11	52	Locarno	S	6	43
Algiers	F	15	59	Majorca	S	15	59
Biarritz	C	10	50	Malaga	F	16	61
Blackpool	C	6	43	Malta	F	13	55
Bordeaux	C	6	43	Nairobi	S	23	74
Boulogne	C	9	48	Naples	F	12	54
Cape Tn.	S	31	88	Nassau	R	22	72
Dubrovnik	F	10	50	Nice	S	14	57
Faro	C	17	63	Oporto	C	16	61
Funchal	S	18	64	Rhodes	S	12	54
Gibraltar	C	16	61	Salzburg	S	4	39
Guernsey	C	9	48	Tangier	F	18	64
Innsbruck	S	4	39	Tenerife	F	16	61
Inverness	C	2	36	Tunis	F	16	61
Is. of Man	F	6	43	Valencia	S	14	57
Jersey	C	10	50	Venice	F	6	43
Las Plms.	S	21	70				

BUSINESS CENTRES

		Y'day Mid-day °C	°F			Y'day Mid-day °C	°F
Amstrdm.	S	11	52	Manchstr.	C	6	43
Bahrain	S	20	68	Melbourne	C	17	63
Barcelona	S	13	55	Mexico C.	S	19	67
Belfast	C	5	41	Milan	S	6	43
Belgrade	S	5	41	Montreal	C	−14	7
Berlin	C	4	39	Moscow	Sn	1	34
Birmghm.	S	6	43	Munich	C	5	41
Bristol	C	7	45	Newcastle	F	3	37
Brussels	R	6	42	New York	S	−4	24
Budapest	S	6	43	Oslo	S	−9	16
B. Aires	S	26	80	Paris	C	7	45
Cairo	R	17	63	Perth	S	34	93
Cardiff	C	7	45	Prague	F	3	37
Chicago	S	−13	9	Reykjavik	Sn	−3	27
Cologne	R	6	43	Rio de J'o	R	23	73
Copnhagn.	C	3	37	Rome	F	13	55
Dublin	S	5	41	Singapore	C	29	84
Edinburgh	C	3	37	Stockholm	S	−2	28
Frankfurt	C	5	41	Strasbrg.	C	6	43
Geneva	F	7	45	Sydney	C	22	72
Glasgow	Sl	3	37	Tehran	S	4	40
Helsinki	Sn	−2	28	Tel Aviv	R	11	52
H. Kong	S	21	70	Tokyo	C	1	35
Jo'burg	C	21	70	Toronto	S	−8	18
Lisbon	C	14	57	Vienna	S	9	48
London	S	7	45	Warsaw	C	3	37
Luxembrg.	C	2	36	Zurich	C	4	39
Madrid	S	10	50				

S—Sunny. R—Rain. C—Cloudy. F—Fair. Sn—Snow. Sl—Sleet.

Registered at the Post Office. Printed by St. Clement's Press for and published by the Financial Times Ltd., Bracken House, Cannon Street, London EC4P 4BY.